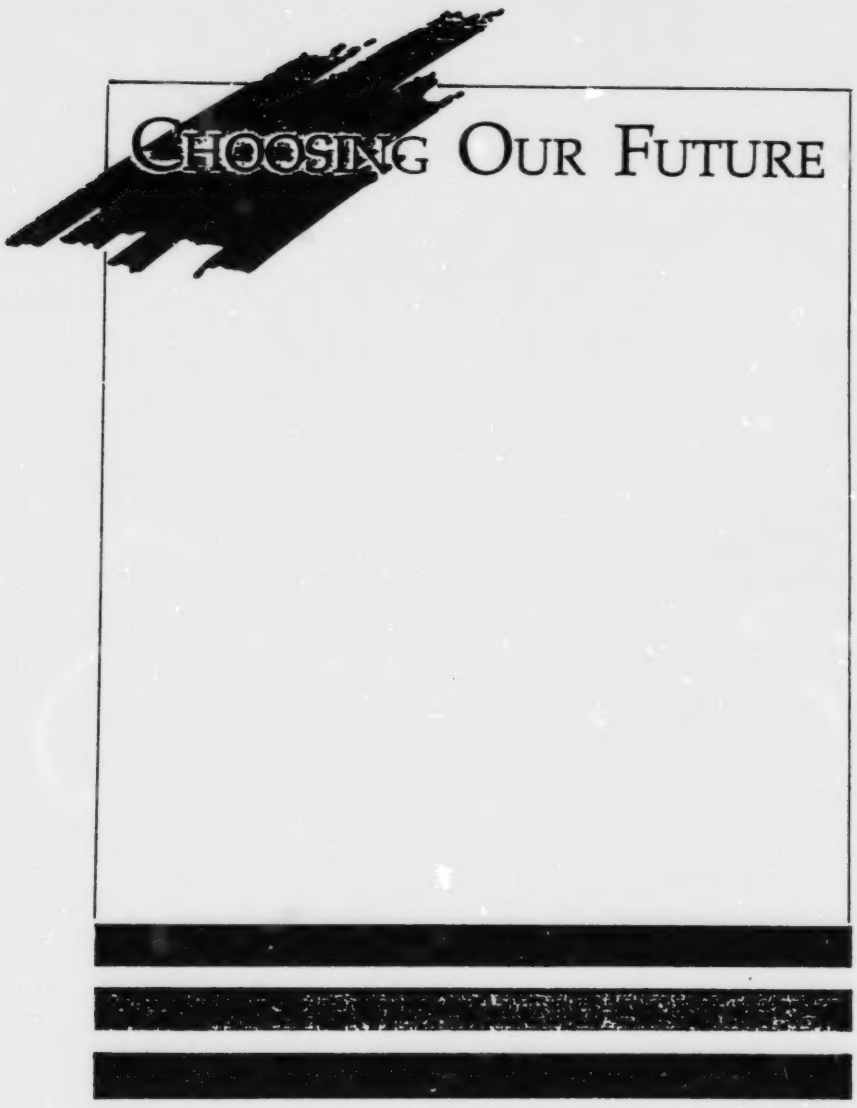

AN INVITATION TO REVITALIZE GREATER VANCOUVER'S LIVABLE REGION STRATEGY

Affordable Rental Housing

Greater Vancouver Regional District
April 1990

91-03854/

RECOMMENDATIONS FOR AN AFFORDABLE RENTAL HOUSING STRATEGY

Prepared for

Development Services Department
Greater Vancouver Regional District

by

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and
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EXECUTIVE SUMMARY

This study was commissioned by the Greater Vancouver Regional District (GVRD) with funding from the B.C. Ministry of Municipal Affairs, Recreation and Culture to explore ways to expand the supply of affordable rental housing in the Greater Vancouver Area.

Highlights of the study's findings and recommendations are presented below.

CURRENT AND FUTURE RENTAL HOUSING SITUATION

There is an Overall Shortage of Rental Housing

The rental housing market in the Greater Vancouver Area is tight. As a result, increases in average rents have accelerated. These higher rents represent the market's response to a relative shortage resulting from a resurgence in demand, generated by renewed economic growth, and a supply system that can produce additional rental housing only in relatively small increments.

However, the overall supply of available rental accommodation is not as constrained as conventional wisdom suggests due to the ongoing turnover of renters and a rising number of investor-owned condominiums and housing and secondary suites coming onto the market.

Even Though Much More Rental Housing is Being Produced Than is Commonly Thought

A focus on conventional sources of additions to the rental stock (i.e., newly-built rental projects) significantly understates the amount of rental housing being created in the Greater Vancouver Area. More than twice the number of additions to the rental stock are coming from non-conventional sources (the purchase of housing and condominiums for rental purposes by investors and through the creation of additional secondary suites than through the construction of new rental projects).

Annual additions to the rental stock are exceeding losses through demolitions and conversions of rental structures to owner occupancy by a considerable margin - by an estimated 5,000 units per year during the current mid 1986 to mid 1991 period.

Rental Housing Requirements Are Projected to be Even Higher in the 1991-2001 Decade

The amount of rental housing in the Greater Vancouver Area required to accommodate household growth and allow the vacancy rate to rise to a more balanced level under the consultants' "best estimate" scenario is projected to be higher during the 1991-2001 decade than the volume of current additions to the rental stock.

Requirements are projected at an average of 6,700 units per year in 1991-1996 declining to 5,800 units per year in 1996-2001.

Secondary Suites Are an Important Source of Affordable Housing

Secondary suites not only provide affordable housing to a growing number of renters, they also help first-time buyers to gain entry into the ownership market by providing income to help with the mortgage payment.

There is an Inadequate Supply of Multi-Family Land

While a considerable amount of multi-family land has become available for new apartment projects in the Greater Vancouver Area, it has not come on to the market in sufficient quantities fast enough to prevent a rapid rise in land prices. Furthermore, the strength of the condominium market has bid up the price of land for rental housing which adversely affects the viability of new rental projects.

Reasons for the insufficient supply of multi-family land include: the inherent lags in the land processing system in response to development applications; the strains on municipal staff and resources resulting from the unanticipated upsurge in both single-family and multi-family housing demand; the cost of more centrally located designated land often being too high to be viable for new multi-family development, in particular rental housing; and, in increasing instances, resistance by existing residents to proposals for apartment developments in their neighbourhood.

There is a Serious and Growing Affordability Problem

A very serious affordability problem exists among renters in the Greater Vancouver Area. Some 45 percent of all renters paid 30 percent or more of their incomes for shelter in 1986 (about 101,000 households in total) and the proportion has undoubtedly increased in the period since 1986, as it did during the first half of the 1980s.

While not all of these renters have an "affordability" problem which concerns housing policy-makers, since some renters voluntarily "over consume" housing, the extent of the problem cannot be underestimated. Estimates suggest that approximately 78,000 renter households in the Greater Vancouver Area in 1986 would have had to pay 30 percent or more of their income to secure adequate accommodation - about one-third of all renters.

The groups with the most serious affordability problems include low-income lone-parent families, low-income single people, especially those with psychiatric or physical disabilities, and fixed-income persons over the age of 65 living alone.

The currently tight market conditions in the Greater Vancouver Area are not the cause of the serious renter affordability problem that exists today but they certainly aggravate it.

Rental Stock Losses Are Not Large in Relative Terms

The current loss of existing rental stock through demolitions or conversion to owner-occupancy is not large in relative terms (about 1.2 percent of the total rental stock annually) and has been more than offset by the creation of additional rental units from within the existing housing stock. However, these losses impose stress and disruption on many lower-income households who have lived in the projects for many years and is serious at a time when there is least choice in the marketplace for displaced renters.

CONSULTANTS' PERSPECTIVE

There is a Need for a Co-Operative Partnership

No single level of government, particularly municipalities, will be able to "solve" the rental housing problems. Meaningful approaches must involve all levels of government, the community and the development industry. Co-operation among municipalities within the Greater Vancouver Area is essential. The consequences of not proceeding with a co-ordinated strategy will likely result in an imbalanced commitment to the problem with some municipalities taking many initiatives while others do little.

Affordability Assistance is Primarily the Responsibility of the Senior Governments

The primary responsibility for attacking the affordability problem of lower-income households, whether in the form of income supplements or the production of newly built affordable rental housing, rests with the Province and the Federal Government. Only these governments have the resources for approaching the problem comprehensively and equitably.

The GVRD Has a Valuable and Enhanced Role to Play on Housing Issues

Increasingly, housing issues are transcending municipal boundaries. Without co-ordination it is unlikely that the individual decisions of the area's municipalities will add up to be in the best interests of the "regional community". Thus the Regional District has an enhanced role to play in the areas of information generation, policy research, and target setting as well as a strengthened advocacy function.

Local Municipalities Need to Be More Pro-Active In Their Role as Regulators of Land Use/Supply

We also hold the view that municipalities must be more creative in their role of regulators of the land use/land supply in encouraging new affordable rental housing. The biggest contribution they can make, however, is to significantly increase the amount and density of multi-family land coming onto the market.

Regulate But Do Not Stop Demolitions and Conversions

Both demolitions and conversions of existing rental projects to owner-occupancy can cause hardship, disruption and financial costs to existing tenants. We support the regulation of these housing stock changes but not a freeze. However, tenants must be compensated by the owners of these properties for the financial and social costs that a demolition or conversion causes them.

MAJOR RECOMMENDATIONS

A total of 35 recommendations have been formulated for the consideration of the Greater Vancouver Regional District, its constituent municipalities, the Provincial and Federal Government and the private sector.

The four policy recommendations which in the consultants' view have the highest priority are:

- The GVRD should become a more active participant in housing issues through the strengthening of its advocacy role, undertaking policy research, maintaining an information system on land availability and rental housing development and target setting.

- Municipalities within the GVRD should agree to legalize secondary suites without occupancy restrictions in all single-family detached dwellings. This policy initiative will require further study, including careful practical standard setting. Legalizing secondary suites will require a variety of amendments to municipal zoning by-laws, other regulations, and may require amendments to the Building Code. The municipal initiatives should be accompanied by a program of grants or loans on favourable terms to homeowners offered by the Provincial Government to allow upgrading of existing suites to comply with municipal regulations and the creation of suites.

- Municipalities should be encouraged to pre-zone land to ensure a supply consistent with targets agreed to between municipalities within the GVRD. Co-operation should be sought with the Province to assist in funding special studies and trunk services where this is appropriate.

- Municipalities should lobby both the Provincial and Federal Governments to increase income support for low income households. This support could be through an enriched GAIN program or through an enhanced shelter allowance program.

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1.0 INTRODUCTION

This study was commissioned by the Greater Vancouver Regional District (GVRD) with funding from the B.C. Ministry of Municipal Affairs, Recreation and Culture to explore ways to expand the supply of affordable rental housing in the Greater Vancouver Area.

1.1 THE CONCERNS

For more than two years now the economy of the Greater Vancouver Area has been extremely buoyant. The resurgence in the economy has brought mixed blessings, however. While a multitude of jobs have been created and the economy has diversified, there are visible problems and challenges associated with the resulting rapid population and household growth. One of the most troubling impacts of growth has been the precipitous rise in the demand for all forms of housing, including rental, on a supply that can increase only gradually; the vast bulk of rental accommodation is provided by the existing stock and additions to this stock occur by necessity in small increments.

This "squeeze" on the available rental housing has a consequence for almost everybody who, by choice or circumstance, requires rental accommodation. Unfortunately, those least equipped to deal with this changing situation and with the least choice in the market are low-income households.

1.2 THE CHALLENGE

The principal challenge for the GVRD, and one which must be addressed both individually and jointly by the constituent municipalities, is to facilitate an increase in the supply of rental housing, especially for those households most seriously affected by the current "squeeze".

Our experience in the GVRD and in other urban regions throughout the country indicates that rental housing problems transcend political boundaries. At the urban regional level no one municipality alone has the capability to significantly address these problems. More progress can be made if the problems are recognized as being regional in scale and require a regional perspective. Meaningful initiatives will require a common information and knowledge base.

The commitment and involvement of the development industry and the community-at-large, along with the two senior levels of government, are required as well if significant in-roads are to be made to mitigate the situation.

This co-operative approach to problem-solving begins with a commitment to a strategy of action.

1.3 THE MANDATE

This study is intended to provide input for responses to the three questions posed in the terms of reference:

- What is the current rental housing situation in the Greater Vancouver Area?
- What is the future need for rental housing? and
- What strategy(ies) should the GVRD and its constituent municipalities employ to facilitate the production of affordable rental housing?

1.4 THE APPR(.CH

We have endeavoured to provide a document which will be beneficial to decision-makers in the Greater Vancouver Area in deciding on the most effective ways to attack current and future rental housing problems. We start out by providing a systematic overview of the nature of current and anticipated future rental housing problems in the Region concentrating on identifying and explaining the underlying causes of the problems. Effective and successful solutions are possible only if they are based on an understanding of the forces behind the problems. We then describe the existing actions which have been adopted by municipalities within the GVRD dealing specifically with rental housing; the information is current as of mid March, 1990. Finally, we formulate a rental housing strategy package for consideration by the GVRD and its constituent municipalities.

The study is largely directed to the market and the housing situation facing renter households occupying self-contained dwelling units (called private households in the Census of Canada). An indepth look at special needs groups, such as roomers and the homeless, was beyond the terms of reference for this study.

The study also provides background statistical information by sub-region and for selected municipalities within the Greater Vancouver Area. However, its primary focus is on the overall regional rental market.

Lastly, most of the statistical information utilized in the study pertains to the Vancouver Census Metropolitan Area which includes Maple Ridge and Pitt Meadows in addition to the GVRD municipalities. This area is referred to here as the "Greater Vancouver Area".

1.5 INFORMATION SOURCES

The analysis undertaken in this study is based in large part on information from CMHC and Statistics Canada. There are some conspicuous gaps in this information for the Greater Vancouver Area. Among these are the unavailability of post 1986 data on renters' incomes and shelter cost/income ratios and vacancy information for this entire rental stock. There also is a dearth of information on rental housing changes (additions and losses) occurring within the existing housing stock and the numbers of new housing units being purchased by investors and then rented out.

These gaps make it more difficult to analyze the rental market situation. They also make it necessary to prepare current estimates for a number of variables.

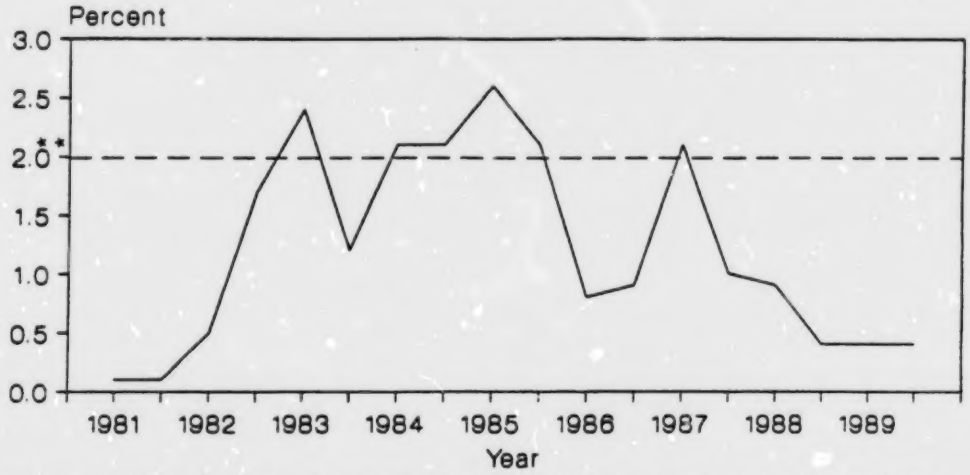
1.6 REPORT FORMAT

This report is divided into five main chapters: the current rental housing situation; profile of renters and their problems; future rental housing requirements and supply; review of existing rental housing initiatives; and recommendations.

Four appendices are also included: background statistical information for sub-regions and selected municipalities (Appendix A); rental housing requirements in the Greater Vancouver Area (Appendix B); matrix of potential policy options for consideration by the GVRD and its constituent municipalities (Appendix C); and current federal and provincial programs affecting the rental market (Appendix D).

EXHIBIT 1

RENTAL APARTMENT VACANCY RATE* GREATER VANCOUVER AREA



* Vacancy rates in privately-owned and publicly-initiated apartment structures with six or more units. Data for April and October of each year.

** Dashed line represents the vacancy rate indicative of a reasonably balanced rental market.

Source: CMHC.

2.0 THE CURRENT RENTAL HOUSING SITUATION

This chapter addresses the nature of rental housing problems in the Greater Vancouver Area and their underlying causes.

2.1 OVERALL RENTAL MARKET CONDITIONS

2.1.1 How Severe is the Current Shortage of Rental Accommodation?

There is no question that the rental housing market in the Greater Vancouver Area has tightened considerably in the past three years; moreover, conditions are expected to remain quite tight through 1990. CMHC's latest three semi-annual rental market surveys show a vacancy rate in rental apartments of only 0.4 percent, considerably below the approximately 2.0 percent which is indicative of a reasonably balanced market (see Exhibit 1). The vacancy rate is also low in rental row (townhouse) accommodation (0.6 percent last October).

CMHC's data shows that the rental housing shortage is spread through the entire Greater Vancouver Area. Only White Rock (apartments) and the City of Vancouver (row units) had above-normal vacancy rates last October (see Appendix Table A-1).

Prior to the current economic boom, with the exception of the Expo year (1986), rental accommodation had been in more plentiful supply. The rental apartment vacancy rate exceeded 2 percent through 1984 and 1985 and in early 1987.

2.1.2 Is the Shortage of Rental Accommodation as Severe as the CMHC Data Indicate?

While CMHC rental vacancy data are frequently used as an indicator of the overall availability of rental accommodation, this is not necessarily the case:

- CMHC's survey does not encompass all forms of rental accommodation.

  CMHC's survey covers units in rental apartment structures of six or more units and rental townhouse projects; excluded, therefore, are rented single-detached houses, rental units in primarily owner-occupied strata titled buildings, and secondary suites.

- CMHC's survey has a fairly restrictive definition of vacancies.

  For a unit to be considered vacant, it must be physically unoccupied and immediately available for rent at the time the survey is conducted; excluded,

EXHIBIT 2

RENTAL HOUSING STOCK SURVEYED BY CMHC GREATER VANCOUVER AREA

Type of Unit	CMHC* April 1986	Census** June 1986	CMHC as % of Census
	Units		
Apartment	114,759	157,715	73
Row (Townhouse)	8,445	14,485	58
Single-detached, Semi-detached, Duplex and Other	0	58,450	0
Total	123,204	230,650	53

* Privately-owned and publicly initiated rental stock (occupied plus vacant).
** Occupied rental stock.
Source: CMHC and Census of Canada.

EXHIBIT 3

INDICATORS OF RENTAL HOUSING AVAILABILITY GREATER VANCOUVER AREA*

	CMHC Vacant Units		R.H.C.B.C. Places to Rent (Units)	
	October, 1989		November, 1989	March, 1990
Apartment	630	Apartment	767	1,768
Row	29	House/Townhouse	762	1,061
Total	659		1,529	2,829

* Includes privately-owned rental units only.
Source: CMHC and Rental Housing Council of B.C. (R.H.C.B.C.).

EXHIBIT 4

RENTER MOBILITY, BRITISH COLUMBIA

Number of Renter Households May, 1987 (Households)	396,000
Number of Renter Households Moving 1987-May, 1988 by Post Move Tenure (Households)	
Owners	38,000
Renters	159,700
Total Movers	197,700
Percentage of Renter Households who Moved 1987-May, 1988	49.9
Annualized*	35.2

* Annualized by prorating the percentage for the 17 month period.
Source: CMHC based on Statistics Canada's HIFE microdata file.

therefore, are rental units which are available for lease and leased before they become physically available for occupancy.

CMHC's rental vacancy survey covers just over one-half of the total rental stock in the Greater Vancouver Area (see Exhibit 2). While it covers about three-quarters of all rented apartment units, it encompasses only about 60 percent of rental row units and none of the 25 percent of the rental stock (in 1986) which is neither apartment nor row units.

The fact that CMHC's survey does not cover a large portion of the rental housing stock need not invalidate its usefulness as an overall indicator of rental market conditions. This is true even though information from the Rental Housing Council of B.C. (R.H.C.B.C.) suggests the number of rental units available for rent, as advertised in newspapers, was somewhat more than twice the number indicated by CMHC in its October, 1989 survey (see Exhibit 3). Since CMHC surveys just over one half of the entire rental stock, these additional vacant units suggest the vacancy rate for the total rental stock was, at most, just slightly higher than the CMHC figure of 0.4 percent.

There appears to have been some easing in rental market conditions in recent months. The Rental Housing Council of B.C.'s tabulation of "for rent" ads show that there are more units available for rent in March of this year then there had been in November of last year - 2,829 units versus 1,529 units. The increase is attributable by the Council to increasing numbers of condominiums and houses purchased by investors which are then being put onto the rental market. As well, there is a growing supply of secondary suites being created in existing houses (see Section 2.3.2 below).

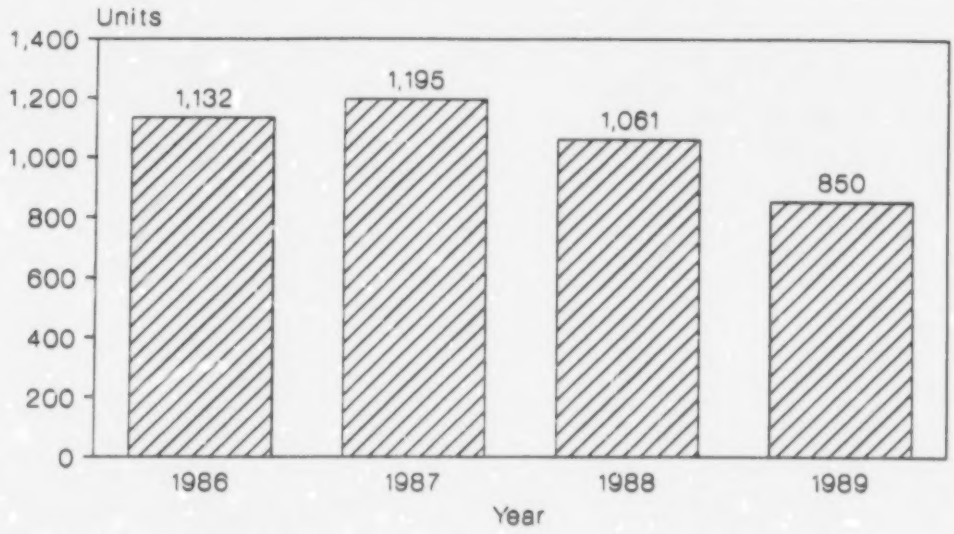
Less easy to quantify are the numbers of rental units that become available for rent but do not reach the newspapers or become physically vacant only momentarily. "Word of mouth" from one friend or business colleague to another, particularly in a tight rental market, is a common way for prospective tenants to find accommodation.

Data on the mobility of renter households in B.C. (Vancouver data are not available separately) help to provide insight into the availability of rental accommodation through tenant turnover (see Exhibit 4). B.C. renters are very mobile. Fully half of all renters over a 17 month period ending with May, 1988 moved from one dwelling to another. Stated another way, this indicates at least 50 percent of all rental housing in the province became available for other renters to rent during the 17 month period; in annualized terms, slightly more than one-third of all renters moved into their present unit during a 12 month period.

These proportions are inflated by the influx of households from other provinces or countries - which frees up rental accommodation in the areas they moved from but puts added pressure on the B.C. rental stock. Moreover, the proportion of movers in the Greater Vancouver Area has undoubtedly declined with the tightening of the rental market. **Nonetheless, they show that a large supply of rental housing becomes available for rent regularly because of tenant turnover even in a**

EXHIBIT 5

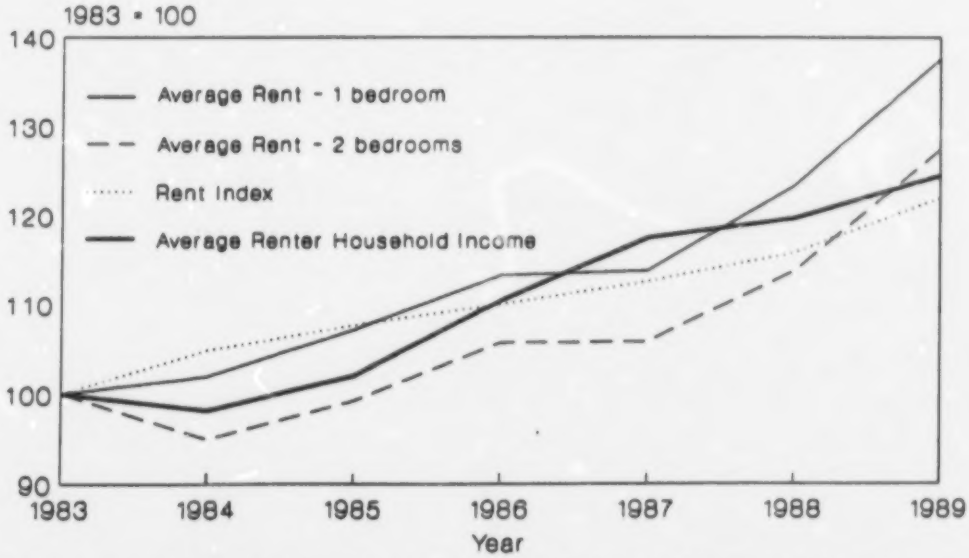
UNITS BECOMING VACANT IN DI' :CT MANAGED RENTAL UNITS IN THE GVRD B.C. MANAGEMENT HOUSING COMMISSIO'



Source: B.C. Housing Management Commission.

EXHIBIT 6

INCREASE IN AVERAGE RENTS AND INCOMES GREATER VANCOUVER AREA



Source: CMHC, Statistics Canada and estimates by Clayton Research Associates.

tight market, probably between 20 and 25 percent based on experience in Ontario.[1]

Furthermore, rental units are freed up to the extent renters move into the homeownership market. During this 17 month period, 38,000 B.C. renter households (nearly 20 percent of all renter movers) become owners. Their vacated units become available for occupancy by newly-formed renter households, homeowners shifting to rental tenure and in-migrant renter households.

A sizeable turnover of renters in the Greater Vancouver Area is supported by the turnover rate in subsidized housing directly managed by the B.C. Housing Management Commission (BCHMC) (see Exhibit 5). Although the number of units becoming available for rent declined during the past two years, as overall rental market conditions grew tighter, 15 percent of this subsidized rental portfolio still became vacant in 1989 (850 units out of a portfolio of 5,680 units).

In summary, while the rental market in the Greater Vancouver Area is tight, as indicated by CMHC vacancy data, the overall available supply of rental accommodation is not as constrained as popularly perceived. The reason for this is that renters as a group are quite mobile and rental units regularly become available even in a tight market - in the range of 20 to 25 percent of all units each year - due to the ongoing turnover of renters. Moreover, more houses, condominiums and secondary suites are coming onto the rental market.

2.1.3 What Has Been the Impact of The Tighter Rental Market on Rents?

The inevitable outcome of a relative shortage of any commodity, including rental accommodation, is higher prices (rents). During the past three years, the increase in average rents for a one-bedroom apartment in the Greater Vancouver Area has accelerated from nil in 1987 to 8.3 percent in 1988 and nearly 12 percent in 1989 (based on the average rents tabulated by CMHC) (see Exhibit 6);[2] the Vancouver office of CMHC predicts a further increase of 12 percent for apartment rents in 1990.

These increases (an average of 7.1 percent per year between 1986 and 1989 for a one bedroom apartment) have been considerably higher than the average growth in average renter income (4.2 percent) for the same three year period which help to explain the intensifying public debate about rental housing concerns.

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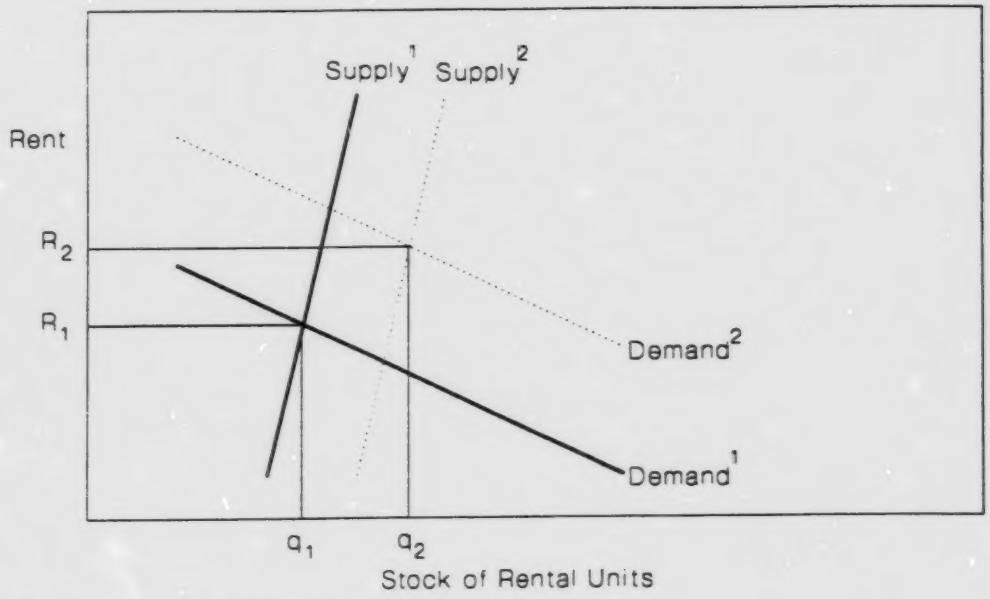
1 The annualized percentage of renters moving during the same period in Ontario was 22.2 percent. The rental apartment vacancy rate in Ontario was less than one percent during this period.

2 The rent component of the Consumer Price Index for the Vancouver CMA shows a considerably smaller increase during this three year period - 10.8 percent in total. However, this index is notorious for understating actual rent increases.

EXHIBIT 7

ILLUSTRATION OF RENTAL HOUSING MARKET



Source: Clayton Research Associates.

Even if a longer-term perspective is taken, the growth in rents has outpaced renters' incomes, though the difference is most marked for one-bedroom apartments. Between 1983 and 1989, the average rent for a one-bedroom apartment climbed by 37.6 percent (for a two-bedroom apartment the increase was 27.4 percent); over the same period the average income of renter households increased by an estimated 24.5 percent.

2.1.4 Why Are Rents Rising So Rapidly?

Rapidly rising rents in the Greater Vancouver Area could be the result of various underlying causes including: (a) rampant inflationary pressures in the overall economy; (b) the actions of monopolistic owners; or (c) an imbalance between supply and demand in the rental housing marketplace.

The first two possibilities are not applicable for the Greater Vancouver Area. While the Bank of Canada remains concerned about inflationary pressures in the Canadian economy, the inflation rate is running at about 5.5 percent both nationally and in the Greater Vancouver Area, which is not anywhere near sufficient to be causing double digit increases in rents. Also, since the Vancouver rental market is hardly characterized by a few owners controlling the vast bulk of rental accommodation, owner conspiracy cannot be a dominant factor.

This leaves a supply/demand imbalance as the only reasonable explanation for the recent acceleration in average rents. Exhibit 7 illustrates the workings of the rental housing market. Rents reflect the influence of both supply and demand forces.

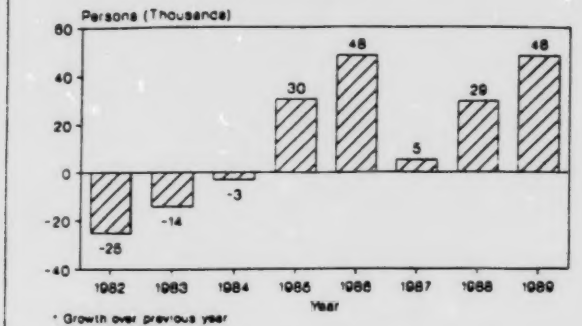
The demand for rental accommodation is inversely related to the level of rents - other things being equal, the higher the rent, the lower the demand. For rental supply on the other hand, other things being equal, the higher the rent, the greater the amount of rental accommodation that will be produced by private sector firms. These relationships are illustrated by the positioning of the rental supply and demand lines in Exhibit 7.

A feature of the rental market that should be highlighted is the relative response rates of the demand and supply sides of the market place to changing market conditions. Experience has shown that the demand for rental accommodation is much more volatile than the supply. Thus when demand rises sharply, as it has since 1986, the corresponding increase in the supply of rental accommodation is much smaller. This is illustrated in Exhibit 7. The demand line shifts upwards to $Demand^2$ from $Demand^1$ because of increased demand resulting from a rapid improvement in the economy. The supply response over the same period is considerably less (the quantity gap between $Supply^1$ and $Supply^2$ is smaller then the quantity gap between $Demand^1$ and $Demand^2$). **Thus, when the demand for rental housing increases more quickly than the supply of rental housing, rising rents are the result.**

A lot of public discussion seems to look upon rising rents as the villain when in fact they are only a symptom of the more fundamental problem - a shortage of rental

EXHIBIT 8

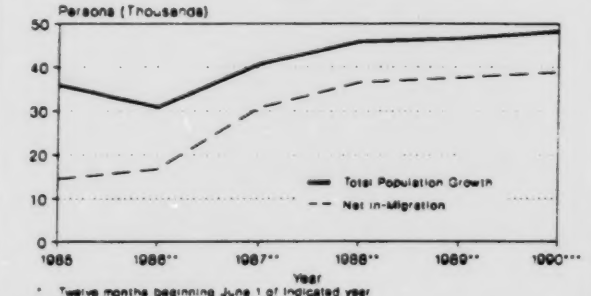
GROWTH IN EMPLOYED LABOUR FORCE*
GREATER VANCOUVER AREA



* Growth over previous year
Source: Statistics Canada

EXHIBIT 9

POPULATION GROWTH AND MIGRATION*
GREATER VANCOUVER AREA



* Twelve months beginning June 1 of indicated year
** Estimate
*** Forecast
Source: CMHC

EXHIBIT 10

MIGRANT HOUSEHOLDS BY MOBILITY STATUS AND TENURE GREATER VANCOUVER AREA

Migrant Households to Greater Vancouver Area 1981-1986	Tenure in 1986		
	Owners	Renters	Total*
From Other Countries	40	60	100
From Other Provinces	32	67	100
From Other Parts of B.C.	34	66	100
All Households Living in Greater Vancouver Area in 1986	56	44	100

* May not total due to rounding.
Source: Gregory M. Schwann, "When Did You Move to Vancouver?", The Laurier Institute, 1989.

accommodation. As noted above, the higher rents will both discourage demand and foster added supply. This should ultimately lead to the re-establishment of a balanced rental market with a more normal vacancy rate (in the two percent range) and more stable rents.

To date this has not happened. The following two sections explore the dynamics of the demand and supply sides of the rental market separately to enhance understanding about what has and is happening in this sector of the housing market.

2.2 RENTAL HOUSING DEMAND

2.2.1 Why Has The Demand for Rental Accommodation Been So Strong?

Both the ownership and rental sectors of the housing market in the Greater Vancouver Area have been characterized by strong demand pressures since 1987. They share common underlying causes.

The Greater Vancouver Area economy experienced a marked turnaround in 1985 following several years of actual losses to its job base (see Exhibit 8). The recovery in the U.S. housing market and the construction of Expo contributed to the recovery. Contrary to the consensus at the time, the economy remained strong in 1987 after Expo though there was a pause in job creation. Then, employment growth surged in 1988 and again in 1989.

This resurgence in economic fortunes enhanced consumer confidence in the Greater Vancouver Area and attracted the attention of job seekers from other parts of Canada as well as from abroad (see Exhibit 9). The result has been an eruption in the demand for all forms of housing including rental.

The explosion in the net influx of migrants into the Greater Vancouver Area has had a particularly strong effect on the demand for rental housing. Data from the 1986 Census show that 60 percent or more of the households moving to the Greater Vancouver Area in the 1981-1986 period were renters, significantly above the 44 percent of all households in the Greater Vancouver Area who were renters in 1986 (see Exhibit 10).

2.3 RENTAL HOUSING SUPPLY

2.3.1 What Are the Sources of Additional Rental Housing?

We tend to think that the construction of new rental projects, either by the private sector or non-profit and co-operative groups (in the past also the provincial and federal governments), is the only important source of additions to the rental housing

EXHIBIT 11

POTENTIAL SOURCES OF NET ADDITIONS TO THE STOCK OF RENTAL HOUSING

Gross Additions	Losses
Conventional Sources	
• Private sector construction of new rental projects.	• Demolitions of existing rental structures.
• Government/third sector construction of new rental projects.	• Conversions of existing rental structures to owner-occupied condominiums.
Non-Conventional Sources	• Sale of investor-owned houses and condominiums to owner-occupants.
• New or existing houses and condominiums purchased by investors.	• Conversion of existing rental units to non-residential use (e.g., office use).
• Creation of rental units in existing residential structures (e.g., secondary suites).	• Removal of secondary suites (e.g., expand main living quarters to include secondary suite space).
• Creation of rental units in non-residential structures.	

Source: Clayton Research Associates.

EXHIBIT 12

ESTIMATED AVERAGE ANNUAL CHANGES IN THE RENTAL STOCK* GREATER VANCOUVER AREA, 1986–1991

Additions to the Rental Stock	Units
Construction of New Rental Projects:	
Private Sector	1,000
Non-Profit/Co-Operative	1,400
Net Increase in Houses/ Condominiums Owned by Investors	3,700
Net Increase in Secondary Suites	2,000
Total Additions	8,100
Losses from the Rental Stock	
Demolitions	1,100
Conversions of Existing Rental Structures to Condominiums**	2,000
Total Losses	3,100
Net Additions to the Rental Housing Stock	5,000

* All components with the exception of "construction of new rental projects" "best estimates" prepared on the basis of quite limited backg[illegible]ormation.

** Large[illegible]ructures built in the latter 1970s and early 1980s whic[illegible]titled at the time they were built.

Source: A[illegible]

stock. These sources are called "conventional" sources of additional rental housing (see Exhibit 11).

There are, however, two other important sources of rental accommodation: (a) the purchase and subsequent renting out of existing or new homes and condominiums by investors seeking longer-term capital gains and (b) the creation of secondary suites, often by homeowners, within existing houses. A third, much smaller, source is the creation of rental suites in existing non-residential structures (e.g. a school or warehouse building). These sources are referred to as "non-conventional" sources of rental housing.

The rental housing stock is also impacted by losses. These losses can be through the demolition of existing rental structures, including single-family houses, to make way for higher density redevelopment (e.g., for high-rise condominiums) or from the conversion of existing rental buildings to owner-occupancy (condominium) use. Often these existing rental buildings are already strata titled so they can be converted without municipal approval. Other sources of losses of rental housing include the sale of investor-owned houses and condominiums to owner-occupants, and the conversion of rental units to another use (e.g., renting a unit and using it exclusively for an office).

From the perspective of the overall rental market, the single most important number is the net change in the rental housing stock (additions less losses). This is not to deny the disruption and other social costs imposed upon specific types of tenants caused by the adjustment process, particularly losses of existing rental units. These are discussed in Chapter 3 (see section 3.2).

2.3.2 What Are the Sources of Net Additions to the Rental Housing Stock in the Greater Vancouver Area?

The additions to the rental housing stock in the Greater Vancouver Area in recent years have been much larger than is commonly thought. We estimate that an average of 8,100 rental units are being added to the stock each year during the period beginning mid-1986 and ending mid-1991 (see Exhibit 12). Of these additions, 5,700 units per year (70 percent of the total) are estimated to be from what we are calling non-conventional sources: houses and condominium units purchased and rented out by investors (an estimated 3,700 units) and additional secondary suites (an estimated 2,000 units). Another 1,400 units per year are estimated to be the result of the non-profit and co-operative housing programs while only an estimated 1,000 units in newly built rental projects are being created annually by the private sector.[3] This

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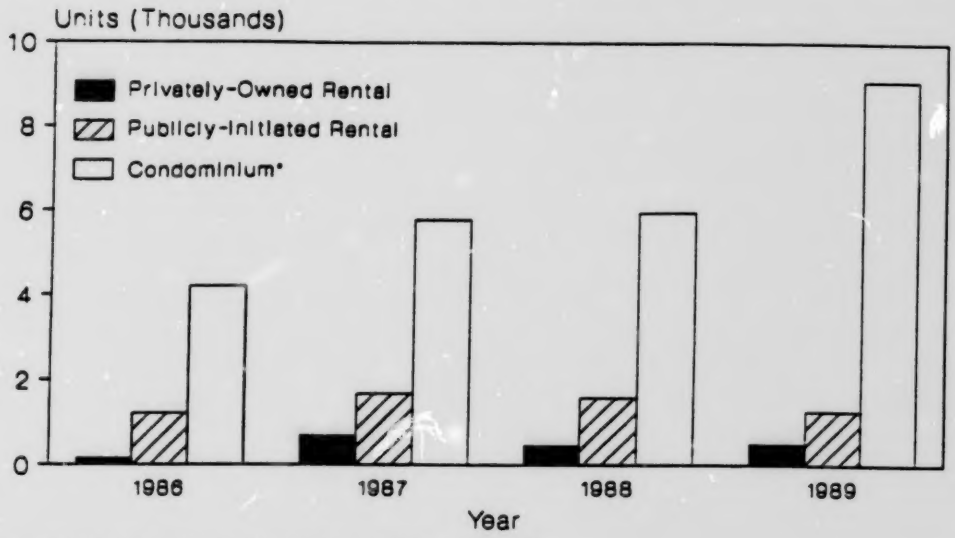
[3] CMHC housing starts and completions data exclude most congregate care (retirement home) housing built over this period. While CMHC added congregate care housing to its starts and completions survey in 1989, many congregate care projects do not meet the stringent criteria to be eligible to be counted as a housing start.

EXHIBIT 13

RENTAL AND CONDOMINIUM HOUSING STARTS GREATER VANCOUVER AREA



* Total condominium starts reported by CMHC.

Source: Appendix Tables A-3, A-4 and A-5.

latter number would be even lower if it were not for the B.C. Government's Rental Supply Program.[4]

So while it is true that conventional sources have not provided a lot of new rental housing in recent years, the fact remains that gross additions to the rental stock have been sizeable.

But there have been offsets as well. Existing rental structures, both apartments and houses, have been demolished to make sites available for higher intensity uses, often condominium apartments - estimated at 1,100 units per year on average. Also, an estimated 2,000 rental units are being converted to condominiums annually. Most of these structures were strata titled at the time of construction so they are not subject to municipal condominium conversion policies.

Overall, then, the net additions to the rental stock over the mid 1986 to mid 1991 period are estimated at an average of 5,000 units per year. While this is a lot more units than conventional wisdom suggests, it has not been sufficient to prevent a tight rental housing market from occurring.

2.3.3 Why Has the Supply of Conventional New Rental Housing Not Been Larger?

As previously noted, there are two conventional sources of additional rental housing - privately-owned new rental construction and publicly-initiated rental construction (non-profit and co-operative housing programs).

In recent years the bulk of newly-built conventional rental housing has consisted of publicly-initiated housing, three-quarters of the total privately-owned plus publicly-initiated starts (see Exhibit 13). However, the number of publicly-initiated rental starts has been stagnant in recent years because of limited growth in CMHC's budgetary allotments for the non-profit and co-operative housing programs. With the current climate of financial restraint at the federal level it is unlikely that the Greater Vancouver Area can look forward to any significant increase in its non-profit and co-operative housing allotment in coming years. Moderate declines from the numbers of units built in recent years are more likely.

Why have the number of privately-owned rental starts been so low to date? With vacancy rates very low and increases in average rents in the double digit range, the private sector would be expected to be building a lot more new rental housing. Some observers have gone so far as to assert that this lack of construction is evidence that the private market cannot be relied on to produce new rental housing since rising rents have not triggered higher rental housing starts.

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[4] The estimates of private sector new rental construction assume that all rental starts forecast by CMHC in its Spring, 1990 housing report for the Greater Vancouver Area are in fact started and are all completed by June 1, 1991.

EXHIBIT 14

FINANCIAL PROFORMA FOR HYPOTHETICAL 1 AND 2 BEDROOM LOW-RISE RENTAL APARTMENT PROJECTS IN EAST VANCOUVER

Project Description - 1 Bedroom	
Total Units	80 1-bedroom
Gross building area per unit	716 sq. ft.
Net rentable area per unit	656 sq. ft.
Total development cost per unit	$91,281
Mortgage debt per unit	$60,000
Equity per unit	$31,281

Monthly Revenues (Per Unit)	
Rental Incomes ($685 per month) less vacancy allowance of 1%	$658
Laundry and other	$6
Total	$664
Monthly Operating Expenses (Per Unit)	
Property Tax	$63
All other	$101
Total	$164
Monthly Debt Service (Per Unit)	
Mortgage payment @ 11.5% interest rate with 25 yr. amortization	$598
Monthly Revenues Less Monthly Operating Expenses and Debt Service	($119)
Annual Deficit as Percentage of Developer's Equity ($119 x 12/$31,281)	4.6%

Project Description - 2 Bedroom	
Total Units	56 2-bedroom
Gross building area per unit	1,022 sq. ft.
Net rentable area per unit	937 sq. ft.
Total development cost per unit	$124,107
Mortgage debt per unit	$80,357
Equity per unit	$43,750

Monthly Revenues (Per Unit)	
Rental Incomes ($950 per month) less vacancy allowance of 1%	$941
Laundry and other	$7
Total	$948
Monthly Operating Expenses (Per Unit)	
Property Tax	$83
All other	$145
Total	$228
Monthly Debt Service (Per Unit)	
Mortgage payment @ 11.5% interest rate with 25 yr. amortization	$801
Monthly Revenues Less Monthly Operating Expenses and Debt Service	($82)
Annual Deficit as Percentage of Developer's Equity ($82 x 12/$43,750)	2.2%

Source: Derived from Urban Development Institute, "The Provisions of Affordable Rental Housing", January, 1989 and proforma financial analyses prepared for Clayton Research Association, April, 1989.

There are essentially three reasons why the private development industry in the Greater Vancouver Area has not yet responded more positively (in terms of rental starts) to the opportunities inherent in the current tight rental housing market:

- While rents are rising, so too are land, construction and interest costs - thus rental construction is not financially viable yet;
- Builders and developers have perceived a much greater opportunity for profit in other real estate sectors, in particular, the booming condominium market; and
- A fear of the reintroduction of some form of rent control.

2.3.4 What Are the "Economics" of New Rental Construction?

Builders and developers are no different than other business people, or indeed households, seeking to obtain the maximum return on the investment of their funds commensurate with equivalent risks. At the present time, investment in new rental housing without some form of government assistance simply is not financially attractive to most prospective developers or corporate investors. This is illustrated by proformas released by the Urban Development Institute (UDI) in January and prepared for the consultants in April of this year (see Exhibit 14). While the project is hypothetical, the revenue and cost numbers reasonably portray the conditions faced by a prospective developer considering low-rise one-bedroom and two-bedroom apartment rental projects in East Vancouver (City).

The hypothetical two-bedroom project at the 11.5 percent mortgage interest rate used in the calculation (the five-year term mortgage rate in late 1989) generates a cash loss of $82 per month per unit in the first year of operation. As a percentage of equity, this represents an annual loss of 2.2 percent[5]. With the interest rate in place in late March (13.5 percent), the loss in the first year of operation would more than double to $195 per month per unit which on an annualized basis is equivalent to a loss of 5.3 percent of equity.

With current construction and land costs and interest rates (14.25 percent in late April) it is no wonder the private sector is building very few new rental projects without government assistance in the Greater Vancouver Area.

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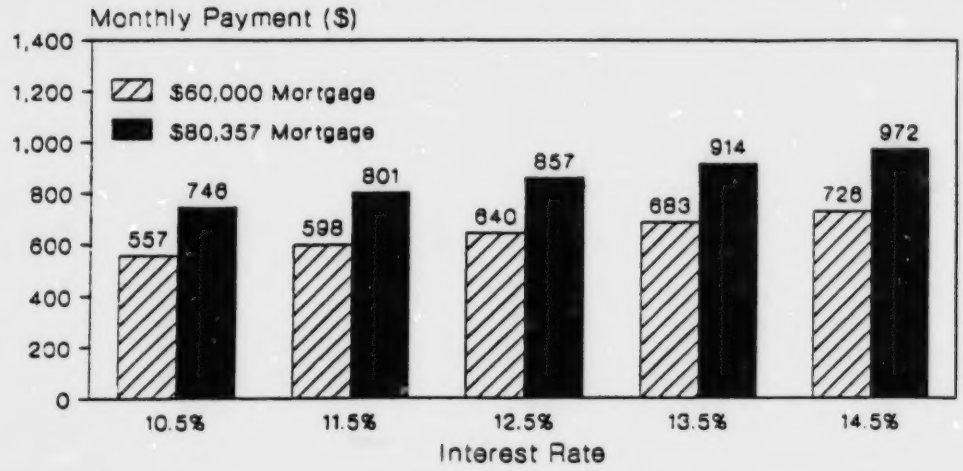
[5] The financial results for a hypothetical project with one-bedroom units are similar to those for the two-bedroom project discussed here.

EXHIBIT 15

EFFECT OF ALTERNATIVE INTEREST RATES ON MONTHLY CARRYING COSTS ON A $60,000 AND $80,357 MORTGAGE*



* The formula used by major lenders to determine their mortgage lending amounts produces a maximum mortgage in the vicinity of 85 percent of a rental project's cost.

Source: Clayton Research Associates.

2.3.5 Why Are Development and Carrying Costs for New Rental Housing So High?

There are three cost components which can have a major impact on the monthly costs associated with a newly-built rental housing unit: land costs; construction costs; and interest rates.

Let's deal first with the influence of higher interest rates on the financial viability of new rental housing. Mortgage interest rates (five-year rate) trended downwards from 13.6 percent on average during 1984 to 11.2 percent in 1987. In fact, in early 1987 the five-year rate fell to nearly 10 percent before rising to more than 11 percent by year end. Since that time rates have drifted upwards and, at the time of writing, stood at approximately 14.25 percent.

A rise in interest rates of one percentage point increases the debt service payment on the hypothetical two-bedroom UDI project by about $55 a month (see Exhibit 15).

Concomitant with the resurgence of the housing market, land for all forms of new housing, including apartments and townhouses, has exploded in price. While reliable data for multiple land prices are not readily available, the 50 percent rise in the price of serviced lots for new single-detached houses between January, 1988 and January, 1990 reported by Statistics Canada illustrates the rapidity of the price hikes in residential land.

In fact, the price rise for multiple land has likely been even greater given the strength of the condominium market (see Exhibit 13). With condominium starts in 1989 at nearly four times the number started in 1985, developers of condominiums have been competing among themselves for the available sites. Since condominium development up to now has been perceived (and has been) quite lucrative, the condominium market in effect has been setting the price for land for new rental housing.

The final major cost component - construction costs - is being pushed up because of the strong demand for construction contractors and labour not only in the residential sector but the commercial and industrial sectors as well. Scarcity breeds increased profits.

In summary, the financial attractiveness of new rental housing projects has been adversely affected by rising land and construction costs as well as higher interest rates which have offset the favourable repercussions of higher rents. Whether these conditions will remain is discussed in Chapter 4.

2.3.6 How Big a Factor is the Fear of Rent Control?

The possibility of some form of rent control or rent review being introduced is not considered to be the major factor behind the small volume of new conventional rental housing that has been started by the private sector in the Greater Vancouver Area

EXHIBIT 16

RENTAL PROJECTS APPROVED UNDER THE FIRST TWO PHASES OF THE B.C. RENTAL SUPPLY PROGRAM GREATER VANCOUVER AREA

Sub-Regions	Phase One	Phase Two	Total	Total Percent
		Units		
Vancouver	1,297*	313	1,610	66
Burnaby/New Westminster	72	255	327	13
North Shore	75	92	167	7
Richmond	-	-	-	-
North East Sector	54	-	54	2
South of Fraser	51	62	113	5
Langley	-	62	62	2
Pitt Meadows/Maple Ridge	-	114	114	5
Greater Vancouver Area	1,549	898	2,447	100

* Includes 489 units approved for VLC Properties Ltd.
Source: B.C. Housing Management Commission.

in the recent past. As noted above, the lack of adequate financial returns is the key factor.

The fear of controls cannot help but keep some prospective rental housing developers away from the rental market even when the profitability of rental housing returns. However, in these circumstances, it appears that many developers would still build new projects even if there was a chance that some sort of controls or review could be introduced in the future. **But they would strata title the projects to protect their investment by giving them the option of converting the projects to condominium occupancy at a future date in the event the profitability of rental investment were to be adversely affected by these controls.**

2.3.7 Have Private Builders/Developers Abandoned the Rental Market in the Greater Vancouver Area?

B.C. developers have not abandoned the new rental housing market. They would be willing to build conventional rental housing projects if they could see the prospect of earning a competitive rate of return commensurate with the risk. We have two reasons for reaching this conclusion.

Firstly, several developers we interviewed were actively considering new rental projects in fringe locations beyond the Greater Vancouver Area, such as Abbotsford and Chilliwack, and other parts of the province (e.g., Nanaimo) where development costs (land) are much lower. Hence, they have not made a corporate decision not to build rental projects under any circumstance.

Secondly, the developer response to the B.C. Rental Supply Program supports the view that the developer community is still interested in building new rental housing. Developers (mostly from the private sector) submitted applications for slightly more than 5,000 rental units across the province for the Phase Two proposal call of 2,000 units earlier this year.

Applications approved in the first two phases of the Program in the Greater Vancouver Area total nearly 2,500 units, nearly half of all the approvals across the province (see Exhibit 16). In addition, a number of projects (678 units in Phase Two) have been approved for locations just beyond the boundaries of the Greater Vancouver Area (e.g., Abbotsford, Tsawwassen) where units will be available for households currently living in or moving to the Greater Vancouver Area.

Under the program, developers in the first phase will receive a grant from the Province equivalent on average to about three percentage points of interest for a five-year term. For the hypothetical two-bedroom UDI project in Exhibit 14 with a 11.5 percent interest rate, assistance equivalent to three percentage points would move the project from a loss of $82 per month per unit (or 2.2 percent loss of equity annually) to a positive cash flow of $80 per month (or 2.2 percent gain of equity annually).

However, at current interest rates in effect in late March (13.5 percent), even with the assistance, the project would incur a loss of $26 per month per unit. Since then rates have moved even higher. These higher interest rates increase the possibility that some of the approved projects may not proceed at this time.

2.3.8 Is the Supply of Multi-Family Land Being Unnecessarily Constrained?

At first glance, the answer to this question would seem to be an unambiguous no. In the past four years a total of 32,550 row and apartment units were started in the Greater Vancouver Area (see Appendix Tables A-2 and A-5); 10,860 of these units were started in 1989 alone. Hence, the supply of multi-family land has been sufficient to facilitate these high levels of starts. However, the escalation in the price of multi-family land in recent years (see section 2.3.5) indicates that there has in fact been a shortage of available land for building relative to the demand.

Persistent and pointed criticism has been directed towards Greater Vancouver Area municipalities by the development community that municipalities have constrained land supply unnecessarily through their planning controls and, in so doing, have increased the cost of land.

How valid is this criticism? In the Greater Vancouver Area, development is governed by each municipality using a range of land use and planning controls vested in them through the authority provided by the Municipal Act. For Vancouver, the Vancouver Charter takes precedence. These controls include the Official Community Plan and Development Permit Area, zoning by-laws, licencing and permits, and subdivision/strata title approvals. Decisions made at this level are final and, unlike some other jurisdictions, cannot be appealed to a higher planning authority.

With respect to the criticism that there has been a failure to provide a sufficient supply of land to meet future growth, discussions with municipal officials and examination of planning documents revealed that some municipalities are acutely conscious of this need and have policies in place intended to maintain a healthy long-term land supply (Surrey/Burnaby) or have a monitoring/review process to ensure there is a sufficient supply (Surrey). Other municipalities assume a more laissez-faire approach (Coquitlam, Delta), while others maintain that their municipalities are almost fully developed (New Westminster). This variation of approach is understandable, particularly in light of the considerable growth pressures currently being experienced. Only the largest municipalities have assigned professional staff to work exclusively on land supply and/or housing issues.

Preliminary results from a study undertaken for the GVRD by Coriolis Consulting Corporation show that there is a very large potential supply of land within the GVRD for new multiple-family housing:[6]

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[6] Coriolis Consulting Corp., Evaluation of Greater Vancouver's Land Supply (Draft), March, 1990.

- The Region's total potential supply of land for new multi-family housing units is approximately 200,000 units.

- Most of this potential supply is classified as being available in the short-term - that is, land which is zoned and serviced or which could be readily rezoned and serviced.

- This potential supply is concentrated in the City of Vancouver and in Surrey (these two municipalities account for nearly two-thirds of the total) with significant amounts of land also situated in New Westminster, Delta, Burnaby and Maple Ridge.

- The remaining municipalities have relatively little potential land for multi-family units.

Clearly, then, the potential exists for considerably more multi-family land to come on to the market in response to the strong demand of recent years. The question arises as to why the supply of multi-family land available for new projects has not been larger.

Current practice among municipalities in the Greater Vancouver Area is to pre-designate land for multi-family housing through community and neighbourhood plans, thereby providing some level of assurance that a rezoning for this use/density will be approved when a development application comes forward. Despite this "statement of intent" there have been some instances where a rezoning has not been successful or a lengthy and acrimonious debate has surrounded the rezoning process.[7] This practice is resisted by most Greater Vancouver municipalities but deserves more consideration.

Grumblings about the municipal planning process have become a "time honoured tradition" among the building and development communities. The current rate of growth being experienced throughout the Greater Vancouver Area, however, has most certainly lengthened this process, resulting in increasingly vocal concerns and the widely-held view that the drawn-out development approvals process is a direct contributor to increased production costs for new rental housing.

Our review has established that the approvals process varies among Greater Vancouver Area municipalities and that the minimum period required for a straight-forward rezoning is four to six months, which is a fairly reasonable time frame. More complex mixed-use or large site rezonings typically take up to nine months and, in some cases, up to two years. A long approvals process, coupled with the current high interest rates, can add considerably to the development costs for new housing.

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[7] Many jurisdictions outside the Greater Vancouver Area pre-zone land, thereby adding another measure of certainty in the development approval process and reducing the time taken for a multi-family project to be built.

Surrey and Coquitlam, two of the largest and fastest growing municipalities, are experiencing considerable difficulty in keeping up with the avalanche of development applications. A "fast-tracking" process for rental housing is being implemented by some municipalities.

The argument that municipal standards and development charges are onerous and contribute to the high cost of housing is another often voiced concern. Our analysis did not involve an assessment of this concern, although it was observed that local standards vary among the municipalities and that some municipalities are very resistant to innovative land use/density schemes that could make housing more affordable.

Another important consideration, particularly in the more central municipalities (e.g., the City of Vancouver), is that a considerable part of the potential land for multi-family housing is existing built-on land not yet ripe for this form of redevelopment, especially for rental housing. Land costs simply are too high.

Our assessment is that there is more than enough land potentially available within the Greater Vancouver Area to meet the expected demands of the next decade though this supply is concentrated in only a few municipalities and a portion of this is too costly for rental housing. **The real problem is getting sufficient land to the building stage.** The reasons that this has not yet happened are several: the inherent lags in the land processing system in response to development applications; the strains on municipal staff and resources resulting from the unanticipated upsurge in both single-family and multi-family housing demand; and, in increasing instances, resistance by existing residents to proposals for apartment developments in their neighbourhood.

2.3.9 Why Are So Many Rental Units Being Added to the Stock from Non-Conventional Sources?

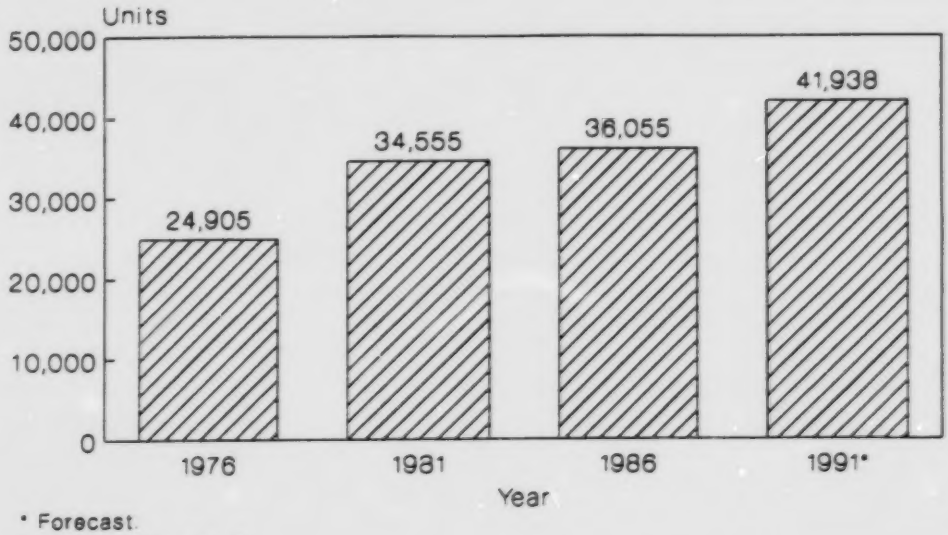
Our "best" estimates for the mid 1986 to mid 1991 period suggest that an average of approximately 5,700 rental units are being added to the Greater Vancouver Area rental stock each year through investors purchasing and renting out homes and condominiums (net of investors selling previously rented units to owner-occupants) and through the creation of secondary suites (net of any loss of existing secondary suites)(see Exhibit 12).

We emphasize that these are estimates based upon a review of available incomplete information and our understanding of the housing market. However, we have endeavoured to be conservative in their derivation.

Investors are attracted to the purchase of houses (both new and existing) and condominiums in primarily owner-occupied buildings in a rising housing market by

EXHIBIT 17

NUMBER OF SINGLE-DETACHED HOUSES WHICH ARE RENTER-OCCUPIED GREATER VANCOUVER AREA



* Forecast

Source: Appendix B.

EXHIBIT 18

ESTIMATES OF NUMBERS OF SECONDARY SUITES

Jurisdiction	Data on Number of Suites	Source
City of Vancouver	A total of 26,000 secondary suites in 1986, up by about 20,000 suites from a decade earlier; equivalent to 39% of all housing in RS-1 areas.	W.T. Stanbury and John D. Todd, "The Housing Crisis: The Effects of Local Government Regulation", January, 1990.
District of Surrey	A total of 5,365 secondary suites as at December, 1989 assuming 10% of all single-family dwellings have secondary suites.	Manager's Department, City of Surrey, "Secondary Suites", December, 1989.
District of North Vancouver	A total of about 2,000 secondary suites; equivalent to about 15% of all single-detached houses.	Social Planning & Research Council of British Columbia, "Housing Needs in the District of North Vancouver", October, 1989.

the expectation of sizeable capital gains; the reverse, of course, is true when prices are stable or declining.[8]

Data from the Census of Canada support this assessment (see Exhibit 17). Because of the last housing boom in the Greater Vancouver Area (1979-1981), the number of renter-occupied single-detached houses increased sharply from 24,905 in 1976 to 34,555 units in 1981 (an average increase of nearly 2,000 units per year for the 1976-1981 period). The number then remained roughly at the 1981 level at the time of the 1986 Census despite the collapse of house prices in the early 1980s. This suggests that investors on a net basis did not enter the market in 1981-1986; nor did they leave. **If the number is assumed to rise moderately to about 42,000 units in 1991, because of the entry of more investors into the marketplace, this results in an average gross addition of about 1,850 single-detached houses to the rental stock per year during the 1986-1991 period.**[9]

Again, while exact numbers are not available, market analysts at CMHC estimate that roughly 30 percent of new condominiums are being purchased by investors. **Applying this proportion to the estimated number of condominiums completed between mid 1986 and mid 1991 also produces an average of about 1,850 additional rental units per year.**

Turning to secondary suites, "hard" data are not available for the entire Greater Vancouver Area. **However, it is suggested that a net addition of 2,000 units per year on average would be conservative.** According to a study by Stanbury and Todd, the City of Vancouver alone had this number of secondary suites added annually during the 1976-1986 decade (see Exhibit 18).

There are a number of reasons for the popularity of secondary suites even though most of them are illegal. Prominent among these are the supplementary income they provide (for their owners). In a high-cost ownership market like the Greater Vancouver Area, the addition of a secondary suite helps both households who otherwise could not afford to buy a home to become homeowners and existing owners with their ongoing living expenses.

It is also evident that secondary suites are a source of more affordable housing, unlike many of the houses or condominiums being rented out by investors. A study conducted by the Social Planning Research Council of British Columbia for the District of North Vancouver determined that average rents in secondary suites are over $100 per month less than units in rental apartment structures surveyed by CMHC.[10]

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8 While some investors are in fact speculators (or "flippers"), especially in the new home market, the majority appear to be buying real estate as a longer-term investment.

9 The estimated net addition of single-detached houses to the rental stock (1,180) over the 1986-1991 period is comprised of tenure shifts to rental (1,850) plus a decline in vacant units (30) less demolitions (700) (see Appendix Exhibit B-3).

10 Social Planning Research Council of British Columbia, Housing Needs in the District of North Vancouver, October, 1989.

EXHIBIT 19

DEMOLITION OF EXISTING HOUSING UNITS
GREATER VANCOUVER AREA

Statistics Canada Greater Vancouver Area	Single-Detached	Double	Row	Apartment	Total
			Units		
1986	1,735	52	0	189	1,976
1987	2,084	92	1	262	2,439
1988	2,337	78	0	483	2,898
1989	3,080	104	5	110	3,299

City of Vancouver City Only	Single-Detached*	All Other Types of Units	Total
		Units	
1986	775	349	1,124
1987	1,033	531	1,564
1988	1,062	421	1,483
1989	1,575	586	2,163

CMHC	Rental Apartments**
	Units
1986	n.a
1987	220
1988	148
1989	528

* Demolitions in RS–1 areas.
** Units in rental buildings with six or more units.
Source: Statistics Canada and City of Vancouver.

2.3.10 Why Are There Losses of Units from the Rental Stock?

There are three potentially major sources of losses from the existing rental stock: (a) demolitions; (b) conversions of already strata-titled multi-family projects from rental to owner-occupancy; and (c) conversion of non-strata-titled existing multiple unit projects from rental to owner-occupancy.

The two most comprehensive sources of statistics on the number of existing housing units demolished annually are: (a) building permit data for the Greater Vancouver Area from Statistics Canada; and (b) demolition permits issued by the City of Vancouver for the City only. As well, CMHC tabulates demolitions of rental apartment structures for the Greater Vancouver Area.

Unfortunately the three sources are not consistent nor necessarily complete. This is another area where available data are unsatisfactory. However, a comparison of the data in Exhibit 19 shows the following:

- The annual number of housing units demolished has been rising;
- The vast majority of units demolished are single-detached homes; not apartments;
- The City of Vancouver accounts for a large portion of all the demolished units; and
- While the bulk of apartment units demolished are located in the City of Vancouver, many of the houses demolished are located in other municipalities.

Based upon a review of the available information, including the statistics in Exhibit 19, it is estimated that the average number of units demolished in total (ownership plus rental) per year in the Greater Vancouver Area between mid 1986 and mid 1991 is around 2,700 units with about 300 of these units being apartments. **The loss to the rental stock on average per year is estimated at about 1,100 units (300 apartments and 800 other types of units).**

The underlying reason for many of these demolitions is that the rise in land values in recent years makes it profitable to redevelop existing land parcels to more intense land uses (e.g., replacing existing single-detached houses with apartments, replacing a walk-up apartment structure with a new high-rise building). Because of this, the volume of demolitions tends to be cyclical, increasing in times of rising land prices and declining when prices level off or decline (as happened following the 1979-1981 housing boom).

With regard to conversions of existing rental projects to owner-occupancy, the bulk of the activity is occurring in existing projects which already are strata-titled. Back in the latter 1970s and early 1980s thousands of new rental units were built to take

advantage of federal government financial incentives designed to encourage the construction of new rental housing, especially the MURB tax shelter program for individual investors. With the recent sharp rise in home prices, many investors are selling the units they purchased at that time to take advantage of the capital gains resulting from the higher prices.

It is estimated that about 2,000 existing rental units are being converted to owner-occupancy per year on average during the mid 1986 to mid 1991 period. As with demolitions, conversions are cyclical with more investors selling units in times of rising prices than with stable or declining prices.

2.4 SUMMARY

The highlights of this chapter include the following:

- The rental housing market in the Greater Vancouver Area is tight although the overall available supply of rental accommodation is not as constrained as conventional wisdom suggests due to the ongoing turnover of renters and a rising number of investor-owned condominiums and houses as well as secondary suites coming onto the market.

- Increases in average rents have accelerated. These higher rents represent the market's response to a relative shortage of rental accommodation. This relative shortage is the product of a surge in rental demand, resulting from renewed strong economic growth, and a supply system which can produce additional rental housing only in relatively small increments.

- The increase in rents has outpaced the growth in the average income of renters during the past three years, which helps to explain the intensifying public debate about rental housing concerns.

- Additions to the rental housing stock in the Greater Vancouver Area have been much larger than is commonly thought because much of the growth is from "non-conventional" sources, i.e., investors buying and renting out houses and condominiums and through the creation of secondary suites; these sources are accounting for three-quarters of the gross additions to the rental housing stock. The additions to the rental housing stock in the Greater Vancouver Area (net of losses resulting from demolition of existing rental housing and the conversion of rental housing to owner-occupancy) is estimated at 5,000 units annually.

- Developers have built a limited number of new rental housing units in recent years, despite very low vacancy rates and rising rents, primarily because rental construction has not been profitable due to rising land and construction costs and interest rates. The response to the Province's Rental

Supply Program illustrates that developers are interested in building rental housing when acceptable financial returns are anticipated.

- The strength of the new condominium market has been another major reason behind the low number of private sector rental starts since developers of these projects bid up land costs; however, these condominium projects are providing a sizeable number of rental units (units purchased by investors).

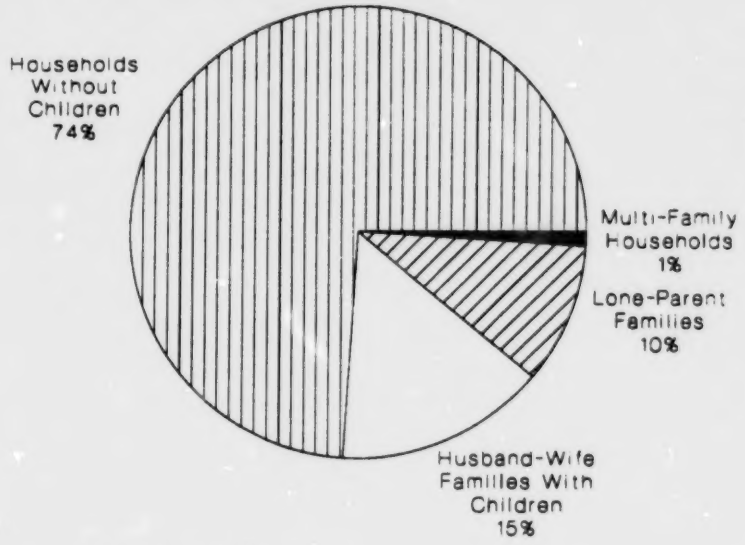
- While there is a very large potential supply of multi-family land in the Greater Vancouver Area, it is concentrated in a small number of municipalities. Moreover, this land has not come on to the market in sufficient quantities fast enough to prevent a rapid rise in land prices.

- Reasons for the insufficient supply of multi-family land coming onto the market include: the inherent lags in the land processing system in response to development applications; the strains on municipal staff and resources resulting from the unanticipated upsurge in both single-family and multi-family housing demand; the cost of more centrally located designated land often being too high to be viable for new multi-family developments, in particular rental housing; and, in increasing instances, resistance by existing residents to proposals for apartment developments in their neighbourhood.

- Secondary suites have become an important source of affordable accommodation; they also help prospective first-time buyers to gain entry into the ownership market by providing income to help with the mortgage payment.

EXHIBIT 20

RENTER HOUSEHOLDS BY TYPE OF HOUSEHOLDS GREATER VANCOUVER AREA, 1986



Source: Appendix Table A-6.

EXHIBIT 21

RENTER HOUSEHOLDS BY TYPES OF HOUSEHOLDS SUB-REGIONS, 1986

Sub-Regions	Percentage of Renters in Sub-Region Who Are: Households Without Children	Households With Children
Vancouver	81	19
Burnaby/New Westminster	78	22
North Shore	73	27
Richmond	62	38
North East Sector	60	40
South of Fraser	58	42
Langley	56	44
Pitt Meadows/Maple Ridge	61	39

Source: Appendix Table A-6.

3.0 PROFILE OF RENTERS AND THEIR PROBLEMS

This chapter explores the characteristics of renters in the Greater Vancouver Area, where they live, their incomes and shelter costs and the nature of the problems being faced in obtaining rental housing, especially affordable housing.

3.1 PROFILE OF RENTERS

3.1.1 Who Are Renters?

Renter households, like all segments of our society, are not a homogeneous group. Moreover, while the characteristics of renters vary by municipality within the Greater Vancouver Area, this is not to say that each municipality is a separate rental market - far from it. An individual municipality's rental housing role within the regional market is a function of its location (central versus suburban), regional growth patterns and pressures, and conditions in the overall rental market.

There were a total of 230,470 renter households in the Greater Vancouver Area in 1986, according to the Census of Canada.[11] Since that time the number of renter households has increased by an estimated 21,000 households to around 251,500 in early 1990.

- **The vast majority of renters are households without children.**

  Nearly three out of four renters are households without children (Exhibit 20). This helps to explain why the overwhelming proportion of renters reside in apartment units which typically are much smaller in size than lower density housing units like single-detached houses.

- **Households without children are more prominent in central areas - families with children in the suburbs.**

  Non-family households and couples account for a much larger proportion of renters in the centrally located municipalities in the Greater Vancouver Area (especially the City of Vancouver) than in more suburban municipalities (see Exhibit 21). However, in all sub-regions and municipalities except Port Moody and the District of Langley, households without children are still the majority. In 1986, more than 80 percent of all renters in the City of Vancouver were households without children at home. In contrast, 40 percent or more of all renters in the North East Sector, South of the Fraser and the Langleys were households with children.

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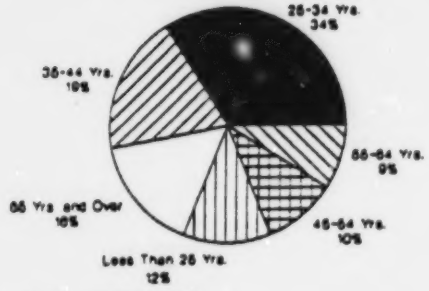
[11] The analysis here is restricted to private households only; excluded, therefore, are renters in collective dwellings such as rooming houses and nursing homes. The 1986 Census is the latest comprehensive statistical base for renters in the Greater Vancouver Area.

EXHIBIT 22

RENTER HOUSEHOLDS BY AGE OF HOUSEHOLD HEAD GREATER VANCOUVER AREA, 1986



Source: Appendix Table A-7.

EXHIBIT 23

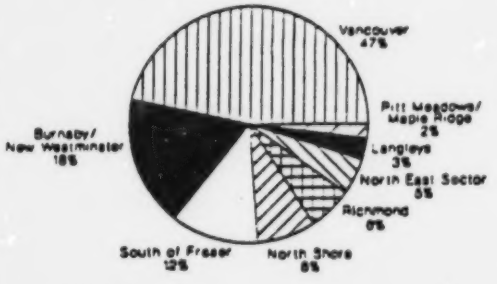
RENTER HOUSEHOLDS BY AGE OF HEAD SUB-REGIONS, 1986

Sub-Regions	Percentage of Renter Households in Sub-Region With Head Aged: 25-44 Years	65 Years and Over
Vancouver	53	17
Burnaby/New Westminster	50	17
North Shore	52	17
Richmond	57	13
North East Sector	53	10
South of Fraser	53	17
Langleys	53	18
Pitt Meadows/Maple Ridge	57	13

Source: Appendix Table A-7.

EXHIBIT 24

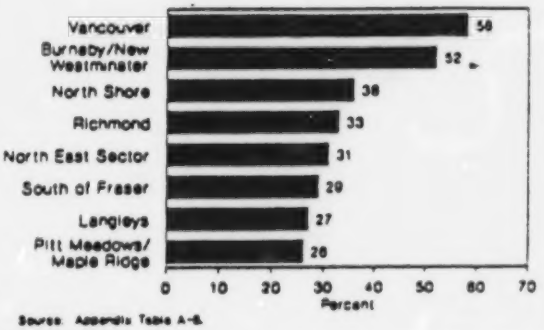
DISTRIBUTION OF RENTER HOUSEHOLDS BY SUB-REGION GREATER VANCOUVER AREA, 1986



Source: Appendix Table A-6.

EXHIBIT 25

RENTER HOUSEHOLDS AS A PERCENTAGE OF ALL HOUSEHOLDS, SUB-REGIONS, 1986



Source: Appendix Table A-6.

EXHIBIT 26

ADDITIONS TO RENTER HOUSING STOCK SUB-REGIONS*

Sub-Regions	Increase in Renter Households 1981-1986	Conventional Rental Starts ** 1986-1989	Renter-Occupied Condominium Starts*** 1986-1989	Combined Conventional Rental and Renter-Occupied Condominium Starts 1986-1989
		Percent		
Vancouver	35	49	25	37
Burnaby/New Westminster	17	12	16	14
North Shore	2	4	7	5
Richmond	11	12	16	14
North East Sector	7	6	8	7
South of Fraser	19	14	17	16
Langleys	4	1	6	4
Pitt Meadows/Maple Ridge	4	1	4	3
Greater Vancouver Area	100	100	100	100

* Percentage of all household growth or starts in the Greater Vancouver Area.
** Includes both privately-owned and publicly-initiated rental starts.
*** Assumes that 30 percent of all condominium unit starts will be occupied by renters in each sub-region.

Source: Appendix Tables A-2, A-6 and A-8.

- **Majority of renters are baby boomers.**

  Slightly more than half of all renters in the Greater Vancouver Area were aged 25-44 years in 1986, the baby boom age groups (see Exhibit 22). Seniors (renters with heads aged 65 or older) accounted for slightly less than one out of six renters.

  Baby boom renters are found in proportions quite similar to the regional average in the various sub-regions and municipalities in the Greater Vancouver Area (see Exhibit 23). Seniors, on the other hand, are less prevalent in the North East Sector, Richmond and Pitt Meadows/Maple Ridge. They account for a large proportion of renters in the Langleys. By municipality, seniors are most common in White Rock, West Vancouver and the City of Langley.

3.1.2 Where Do Renters Live?

- **Majority of renters live in more central sub-regions.**

  Renters congregate in more central locations. About two-thirds of all renters in the Greater Vancouver Area live in either the City of Vancouver or in Burnaby/New Westminster (Exhibit 24). By municipality, by far the largest number of renters reside in the City of Vancouver (nearly half of all renters); Burnaby (12 percent) and Surrey (9 percent) also have significant numbers of the region's renters.

  Despite the concentration of renters in the three more central municipalities, renters are still an important element of the household mosaic in all sub-regions, accounting for at least a quarter of all households in 1986 (see Exhibit 25). Renters account for a quarter or more of all households in all municipalities with the following exceptions: Delta, District of Langley, District of North Vancouver and Port Coquitlam.

- **Renters are gradually dispersing.**

  There is evidence that renters gradually became more dispersed throughout the region during the decade of the 1980s. Whereas the City of Vancouver had 49 percent of all renter households in the Greater Vancouver Area in 1981, the City appears to have accounted for less then 40 percent of the additions to the region's rental stock during the 1980s (see Exhibit 26).[12]

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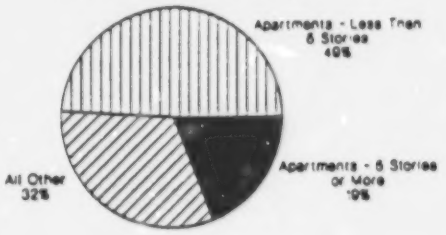
[12] The 1986-1989 numbers are an approximation only. They include conventional sources of additional rental housing (starts) and assume that 30 percent of the condominium starts in each sub-region will be occupied by renters. No allowance is made for existing houses, condominiums or new houses occupied by renters, additions to the stock of secondary suites or losses from the existing stock due to demolition or conversion.

EXHIBIT 27

RENTER HOUSEHOLDS BY TYPE OF DWELLING OCCUPIED GREATER VANCOUVER AREA, 1988



Source: Appendix Table A-9

EXHIBIT 28

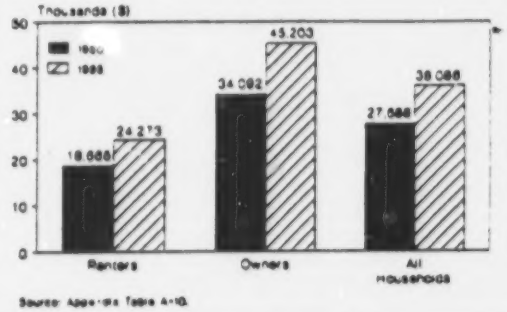
RENTER HOUSEHOLDS BY TYPE OF DWELLING OCCUPIED SUB-REGIONS, 1986

Sub-Regions	Apartments Less than 5 Stories	Apartments 5 stories or More	All Other Dwelling Types
		Percent	
Vancouver	51	25	24
Burnaby/New Westminster	51	25	24
North Shore	45	25	30
Richmond	52	6	42
North East Sector	53	5	42
South of Fraser	41	5	54
Langleys	41	0	59
Pitt Meadows/Maple Ridge	35	8	57

Source: Appendix Table A-9.

EXHIBIT 29

AVERAGE HOUSEHOLD INCOME BY TENURE GREATER VANCOUVER AREA



Source: Appendix Table A-10.

EXHIBIT 30

RENTER HOUSEHOLD AVERAGE INCOME BY TYPE OF HOUSEHOLD, CANADA, 1988

	Dollars
One-Person Households	
Under 65 years of age	21,262
65 years of age and over	13,880
Total	19,006
Family Households	
Husband/wife families with no children	35,278
Husband/wife families with children*	37,848
Lone-parent households*	16,821
Total	33,965

* With children under the age of 18 years at home.
Source: Statistics Canada.

The dispersion of renters from the more central municipalities over time is a normal transition in larger urban regions. As the population spreads out (homebuyers are attracted to the lower density new houses in fringe areas), jobs to service this growing population follow. Marriage break-ups, young adults leaving home and single persons wanting to live near where they work all stimulate the demand for rental housing outside the central municipalities.

- **Most renters live in apartments.**

The vast majority of renters (in 1986, more than two-thirds) in the Greater Vancouver Area live in apartments (broadly defined to include many secondary suites) (see Exhibit 27). The bulk of these apartments are in low-rise structures. About one in six renters live in single-detached houses.

As with the profile of renters, the structural mix of the rental housing stock varies by municipality, with higher-density apartments found in the largest numbers in the more central municipalities; lower-density housing forms are relatively more important in the outer suburbs (see Exhibit 28). In three sub-regions (South of Fraser, Langleys, Pitt Meadows/Maple Ridge), the majority of the occupied rental stock in 1986 consisted of low-density types of units.

3.1.3. What Are Renters' Incomes?

There are no up-to-date statistics on the incomes of renters in the Greater Vancouver Area. So we have supplemented available data for the Greater Vancouver Area with data on the incomes of renters in Canada and B.C. as a whole to provide further insight into the incomes of the region's renters.

- **Renters have lower incomes than homeowners.**

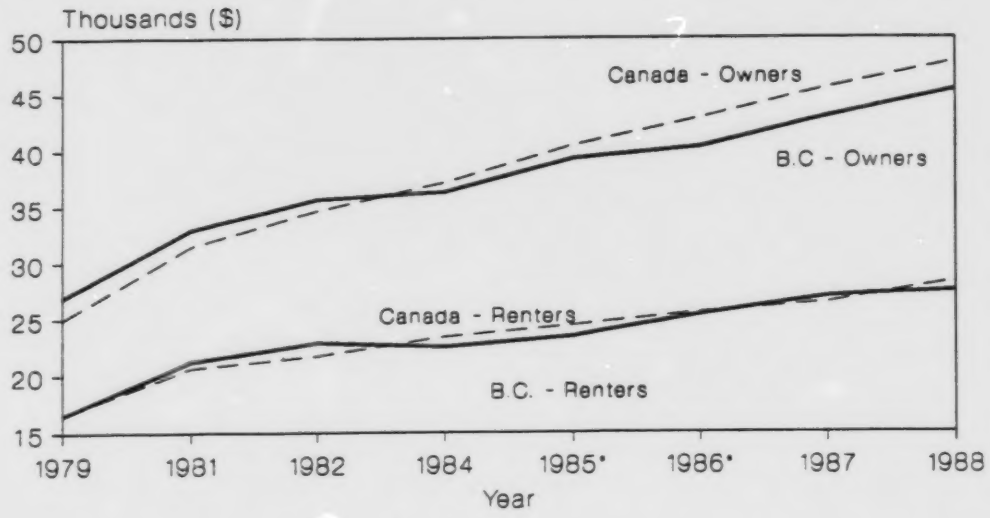
It comes as no surprise that the average income of renter households in the Greater Vancouver Area is substantially below the average income of homeowners. In 1985, the average renter household has an income of $24,273, only 54 percent of the average owner's income (Exhibit 29). These lower incomes are due in part to the fact that the average renter household is considerably smaller than the average owner household - 2.9 persons versus 2.1 persons in 1986 for B.C. - and has fewer earners on average.

- **Average incomes are lowest for seniors living alone and lone-parent renters.**

Average incomes vary widely for different types of renter households. As would be expected, average incomes are much lower for one person renter households than for families (excluding lone-parent families). Canada-wide income statistics are used to illustrate this point (see Exhibit 30). The

EXHIBIT 31

AVERAGE HOUSEHOLD INCOME FOR RENTERS AND HOMEOWNERS, B.C. AND CANADA



* Revised.

Source. Appendix Table A-10.

average income of one-person renter households was only $19,006 in 1988 or 56 percent of the average renter family household income. Seniors have a considerably lower income than non-senior one person renter households - $13,880 versus $21,262 for Canada in 1988.

Within the family renter household category, lone-parent families have very low incomes compared with husband/wife families with or without children at home. The average lone-parent family in Canada in 1988 had an income even lower than the average single person renter households under the age of 65 years - $16,821 versus $21,262. The fact that a significant proportion of lone-parent families are on social welfare contributes to these low incomes.

There is no reason to believe that these differences in incomes by household type for Canada are not also found in the Greater Vancouver Area.

- **Renters lost ground during the 1980s.**

The average income of renter households in B.C. climbed at a somewhat lower rate than either renter incomes in Canada or the average income of homeowners in the province during the decade of the 1980s as a whole. Whereas the average income of renter (and owner) households in B.C. were three to five percent above those in Canada in the early 1980s, by the mid part of the decade they were marginally below the Canadian average (Exhibit 31). High unemployment and the more severe economic downtown were factors behind the relative deterioration. **While some relative recovery took place in renter incomes in the province in 1986 and 1987, there was slippage in 1988.** Average homeowner incomes in B.C. increased at approximately the same rate as the Canadian average over the 1986-1988 period.

A possible explanation of the relative deterioration of average renter household income in 1988 could be the migration of large numbers of single persons into B.C. who took relatively low paying jobs in the service industries combined with the recovery of the ownership market which resulted in more middle and higher income renters buying homes.

While definitive data are not available for the entire period, it would appear that the growth in average renter incomes in the Greater Vancouver Area was similar to that for the province as a whole.[13]

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[13] Average renter household income in the Greater Vancouver Area is approximately 3.5 percent above the B.C. average.

EXHIBIT 32

RENTS AS A PROPORTION OF AVERAGE HOUSEHOLD INCOME * SELECTED URBAN CENTRES

Urban Centres	1981	1986
Greater Vancouver Area	23.2	24.4
Victoria	24.5	26.1
Calgary	24.5	22.3
Edmonton	23.0	22.5
Winnipeg	22.0	23.4
Toronto	20.8	20.7
Ottawa-Hull	20.5	21.3
Montreal	18.4	21.8
Canada	20.2	21.5

* Annualized gross rent paid (cash rent plus utilities) in mid 1981 and 1986 as a proportion of income in the preceding calendar year.

Source: Appendix Table A-11.

3.1.4. How Much of Their Income Do Renters Spend on Shelter?

- **Renters are spending a larger proportion of their income for shelter - part of a national trend.**

  Data from the 1986 Census show that renters in the Greater Vancouver Area on average spend a comparatively large percentage of their income for rents. **With an average rent/income ratio of 24.4 percent, only Victoria had a higher proportion of the urban centres surveyed (see Exhibit 32).** This is considerably higher than the average proportion of income paid in rent in the country's two largest urban centres - Toronto (20.7 percent) and Montreal (21.8 percent).

  The reason for this higher average rent to income ratio is that average rents were comparatively high in the Greater Vancouver Area in 1986 ($493 versus $430 for the country as a whole) but the average income of renters was only marginally above the Canadian average.

  Moreover, in common with numerous urban centres across the country, the shelter cost/income ratio for the average household in the Greater Vancouver Area increased during the first half of the 1980s - from 23.2 percent in 1981 to 24.4 percent in 1986. This ratio has likely increased further in the Greater Vancouver Area given the rapid rise in average rents since 1987.

  An average rent to income ratio of approximately 25 percent may not seem too unreasonable at first glance though the upward drift in the ratio over time should be of some concern. After all, a widely accepted rule of thumb is that households can afford to spend up to 30 percent of their income on shelter. The problem arises because the average hides the fact that many renters are spending more than 30 percent of their income on rent - though as well other renters are spending considerably less than 30 percent.

- **Forty-five percent of all renters in the Greater Vancouver Area spend 30 percent or more of their income on shelter.**

  Not only do renters in the Greater Vancouver Area on average spend a comparatively large proportion of their income on shelter, a very large proportion have an "affordability" problem (roughly approximated by the number of renter households paying 30 percent or more of their income for shelter).[14] **In 1986, fully 45 percent of all renters in the Greater Vancouver Area paid 30 percent or more of their income in gross**

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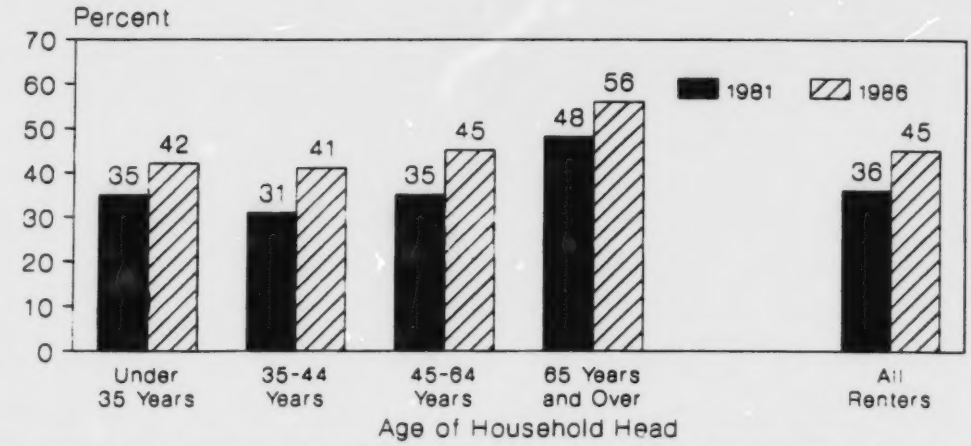
[14] Not all renters paying 30 percent or more of their income for rent actually have a rental "problem" since some are voluntarily over consuming housing; others may have a problem though they are spending less than 30 percent of their income for rent. See Section 3.2.2 for details.

EXHIBIT 33

PROPORTION OF RENTERS BY AGE OF HOUSEHOLD HEAD WITH GROSS RENT/INCOME RATIOS OF 30 PERCENT OR MORE* GREATER VANCOUVER AREA



* Annualized gross rent paid (cash rent plus utilities) in mid-1981 and 1986 as a proportion of income in preceding calendar year.

Source: Appendix Table A-12

rent (cash rent plus utility payments) (see Exhibit 33).[12] This amounted to about 101,000 households in 1986. With the exception of Victoria, the proportion was considerably above the other urban centres examined (see Appendix Table A-12). In Montreal and Toronto, for comparison, the proportions were 36 and 31 percent, respectively.

Not only was the proportion of renters paying an excessively large portion of their income for shelter relatively high in the Greater Vancouver Area in 1986, it climbed sharply between 1981 and 1986 - from 36 to 45 percent of all renters. **This deterioration in affordability was not unique to the Greater Vancouver Area - it occurred in most parts of the country with the exception of Alberta's urban centres where rents did not go up by much between 1981 and 1986.**

It is unlikely that the proportion of renters with an affordability problem has improved since 1986; in fact, the opposite has probably occurred given that average rents have outpaced average renter income growth.

- **Nearly half of all renters with an "affordability" problem spend more than 50 percent of their income on rent.**

A very large proportion of renters living in the Greater Vancouver Area having an "affordability" problem are far beyond the margin of affordability - nearly one-half (47,760 households) spent 50 percent or more of their income for rent in 1986 (see Appendix Table A-13). It would be reasonable to expect this proportion is somewhat higher today.

- **The renter "affordability" problem affects all age groups and household types.**

Data from the 1986 Census show that a large proportion of renters in each age group has an "affordability" problem and the proportions all increased between 1981 and 1986. However, the problems are most severe among the elderly (65 years of age and over) with 56 percent of these households paying out more than 30 percent of their income in rent (see Exhibit 33).

Data provided by the B.C. Office of CMHC show that the proportion of renters paying 30 percent or more of their income in shelter is high for

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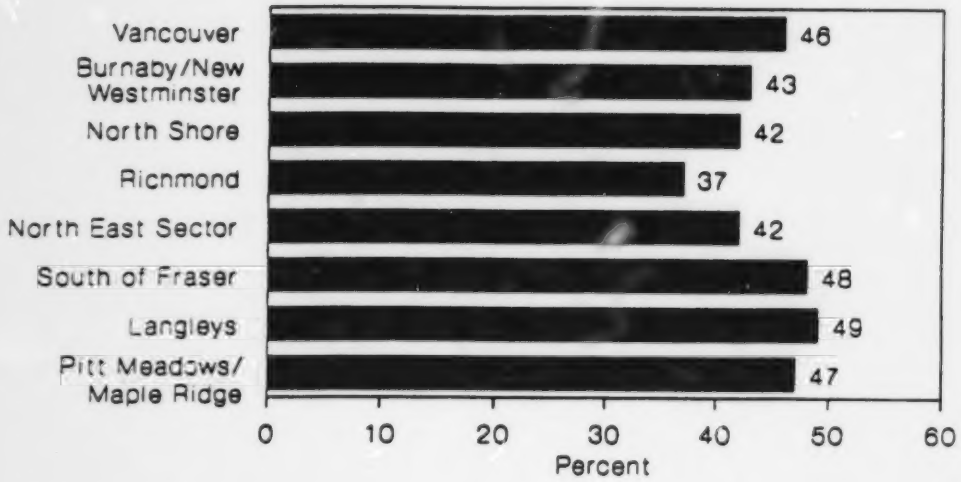
[12] The proportion of renters with high rent/income ratios tends to be exaggerated because of the way the ratios are calculated in the Census - combining rent in the month of May (annualized) with income in the preceding calendar year. Moreover, simply because a household pays 30 percent or more of their income does not automatically mean they have an affordability problem (see Section 3.1.5). This is the reason affordability is shown with quotation marks in this part of the text.

EXHIBIT 34

PROPORTION OF RENTER HOUSEHOLDS PAYING 30 PERCENT OR MORE OF THEIR INCOME FOR SHELTER, SUB-REGIONS, 1986



Source: Appendix Table A-13.

various types of households including one person households under the age of 65 years, families with heads less than 65 years as well as seniors.[13]

- **All sub-regions and municipalities have a large proportion of renters paying 30 percent or more of their income for shelter.**

  The renter "affordability" problem in the Greater Vancouver Area is not limited to renters living in particular sub-regions or municipalities - it is shared throughout the Greater Vancouver Area though the severity of the problem does differ (see Exhibit 34). The incidence of renters with an "affordability" problem is highest in the City of Vancouver and the outer sub-regions (South of Fraser, the Langleys and Pitt Meadows/Maple Ridge) -46-49 percent of all renters (based on 1986 Census data). It is lowest in Richmond (37 percent of all renters).

3.1.5 Does a Rent/Income Ratio of 30 Percent or More Always Indicate an "Affordability" or Rental Housing Problem?

The preceding sections approximated "affordability" by considering renter households who pay 30 percent or more of their income in rents (cash rents plus utilities). However, not all renters paying 30 percent or more of their income for rent have an "affordability" problem. Society has little sympathy for more affluent renters who by choice spend more than 30 percent of their income for shelter. Similarly, to the extent the "excessive" rent payments are the product of "over consumption" (e.g., a single senior living in a two-bedroom apartment or a young single living in a high quality apartment in the heart of downtown), there would likely be general agreement that such households do not have an "affordability" problem that should be of concern to policy-makers. Conversely, there are other renters who do not spend 30 percent or more of their income on shelter but live in overcrowded or physically substandard accommodations - they would spend an excessive portion of their income on rent if they lived in adequate accommodation.

CMHC has formulated the concept of core housing need to overcome the limitations of the crude affordability measure (renters paying 30 percent of their income for shelter) as a measure of the housing problem of renters. The core housing need approach removes renters who are "over consuming" but adds back renters who are under the 30 percent threshold because they are living in inadequate housing. Making these refinements reduces the number of renters with an "affordability" problem, i.e., renters having to spend 30 percent or more of their income to secure adequate accommodations.

Hence, relying on the numbers of renters in the Greater Vancouver Area paying 30 percent or more of their income for shelter exaggerates the actual number of renters with an "affordability" problem. **Estimates provided by the B.C. Housing**

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[13] While the CMHC numbers pertain to both the Greater Vancouver and Victoria Areas, they effectively cover the Greater Vancouver Area.

EXHIBIT 35

INCOMES OF SELECTED GAIN RECIPIENTS AND AVERAGE MARKET RENTS GREATER VANCOUVER AREA 1989

Household Type	Total Monthly Income	Income Support	Maximum Shelter Allowance	CMHC Average Rent* Apt.	Row	
Single Unemployable	$518	$243	$275	$436	-	(Bachelor)
Lone-Parent, 1 child	$837	$391	$446	$707	$711	(2 Bedroom)
Lone-Parent, 2 children	$974	$460	$514	$846	$835	(3 Bedroom)

* CMHC rents for October, 1989 correlated with BCHMC housing "standards" for social housing.
Source: B.C. Ministry of Social Services and Housing and CMHC.

Management Commission (BCHMC) suggest that the number of renters in the Greater Vancouver Area in core housing need is slightly more than three quarters the number paying 30 percent or more of their income for shelter in 1986, or about 78,000 renter households.

3.2 RENTERS' PROBLEMS

The preceding descriptive analysis of renters relies heavily on data gathered through the 1986 Census supplemented by current CMHC statistics. This quantitative analysis makes an important contribution to an understanding of the current rental market but it does not adequately describe the difficulties currently being experienced by many renter households. Our discussions with representatives of tenant advocacy groups, social planners and other "key informants", combined with information presented through the media and our own experience in other urban centres, allows us to make a number of observations with considerable confidence.

3.2.1 What Are the Problems Due to a Tight Rental Market?

As noted in the Introduction, a shortage of rental accommodation has a consequence for virtually all renters. However, the reduced housing choices and higher rents impact lower-income households the most followed by renters with moderate incomes. Renters in the middle and higher-income groups may be inconvenienced by a tight rental market but for the most part they can cope quite readily with the ramifications.

The single biggest problem with a tight rental market is that it aggravates the housing problems of low and, increasingly, moderate-income renters.

3.2.2 What Are the Problems Created by Insufficient Affordability?

As the data from the 1986 Census of Canada has shown, there is a serious renter affordability problem in the Greater Vancouver Area. Moreover, this problem has almost certainly grown since 1986, affecting an increasing number of households each year.

Although CMHC's statistics reveal that rents increased, on average, by around 12 percent between October, 1988 and October, 1989, there are examples of much higher increases. The Tenants Rights Coalition suggests 15 percent increases are becoming common and there are examples of buildings which have experienced 20 percent increases each year for the past two years.

Renters most affected by rapid escalation of rents are probably those on GAIN (Guaranteed Available Income for Need). Exhibit 35 illustrates the income level of selected GAIN recipients compared to average market rents. In general, the GAIN

groups most affected and most vulnerable to high and rising rents are low-income renters occupying private market accommodation and, in particular:

- Low-income lone-parent families;
- Low-income single people, especially those with psychiatric or physical disabilities; and
- Fixed-income single people over the age of 65.

The first two of these renter groups have very little "purchasing" power in the marketplace and are also subject to fairly widespread discrimination by landlords who consider these households to be less reliable and more troublesome than other potential renters. The gap between the maximum shelter allowance and average "standard" rental accommodation is wide for each of the three household types considered. **However, lone-parent families occupying private market accommodation are having the greatest difficulty coping since singles do have a wide range of options (e.g., rooming houses, doubling up).** In general, these groups are faced with living in the poorest quality accommodation, in situations which are often inappropriate for children or the disabled.

It is important to point out that a significant portion of renters would be paying "too much" for adequate accommodate whether the rental market in the Greater Vancouver Area were tight or in a surplus condition. However, there is no doubt that tight rental market conditions aggravate the problems.

3.2.3 What Are the Problems Resulting From the Loss of Existing Rental Accommodations?

The demolition of existing rental structures or the conversion of rental occupied buildings to owner occupancy naturally reduces the stock of existing rental housing. While the number of demolitions/conversions seems large in absolute terms (currently an average of an estimated 3,100 units per year), relative to the current size of the rental housing stock they seem less ominous - about 1.2 percent per year (see Exhibit 12 and page 21). This does not mean that demolitions or conversions are not creating problems.

Considerable media attention has been focused on the loss of apartment and townhouse rental housing, particularly affordable accommodation, through demolitions for redevelopment, often for expensive condominiums. Our research indicates that this problem to date has been largely confined to the City of Vancouver - principally Westside neighbourhoods - and to a lesser extent in the City of North Vancouver. Measures have been adopted in both municipalities to address this problem. Other municipalities at this time do not feel that there has been a significant loss of affordable accommodation through redevelopment or that this is likely to become a major problem for them.

The loss of low cost residential hotels and rooming houses in Vancouver's Downtown East Side through redevelopment or by fire is also considered to be a growing problem by residents of this area. City social planners estimated there has been a loss of about 10 percent of this type of housing between the years 1985 and 1989.

Demolition of single-family homes has occurred throughout the region to make way for new development, often condominiums although to a greater degree in more central municipalities such as Vancouver, Richmond and Burnaby. It is probable that a large part of this stock was rented out as an interim use prior to redevelopment.

Many renters of these units removed from the stock would not face serious disruption and/or financial costs directly as a result of these losses. As shown in Chapter 2, between 20-25 percent of all renters move in a typical year. Other renters have sufficient income to secure alternative satisfactory accommodations without too much trouble. **The problems are most severe for households living in buildings which currently have relatively low rents. These buildings typically are older and often have a sizeable core of long-term tenants who currently have relatively low incomes.**

The loss of rental accommodation because of redevelopment results in lower-income or older renter households experiencing the stress and disruption of finding new accommodation at the time when there is least choice. The trauma of this enforced move is particularly acute for seniors, many of whom have been long-term tenants and are dependent on the informal "social-networks" provided through their neighbours. An unwanted move is also very disruptive to many lone-parent families as well who not only face the prospect of finding suitable alternate housing but also the problems of re-locating schools, finding new child care arrangements and re-integrating in different communities. Similarly, a disabled person who faces an unplanned move may experience the problems of moving away from support services and medical treatment.

3.2.4 Who is Most Affected by Declining Choice?

Current market conditions have resulted in less choice for renters. Even if the creation of more jobs and in-migration moderates from the rates experienced in the past two or three years, which we expect to occur, this choice is likely to continue to be constrained, though perhaps less so than at present.

For middle and higher-income households who choose to rent, there will continue to be a relatively wide choice of housing types and locations throughout the urban region, especially with the growing number of condominiums and houses available for rent. **For moderate-income households the choices are narrowed and, increasingly, moderate-income family households are looking to the outer suburbs and Fraser Valley locations for affordable, suitable housing.**

For low-income single people, the evidence suggests that vacancies have diminished, especially in the inner city neighbourhoods east of Burrard Street. As competition

increases for affordable housing, tenants with somewhat higher incomes and/or life skills are being forced to move into poorer quality accommodation than they would normally consider. For example, Lookout - an emergency shelter in the Downtown East Side - reports that it is consistently full, with people being turned away frequently. Their recent experience has been that clients are staying longer and that a new group of people are requiring shelter - those with sufficient life skills to allow them to live independently and who could find their own accommodation under "normal" conditions. The Downtown Eastside Residents Association (DERA) also reports that more families with children are now occupying residential hotels though the numbers still appear to be small.

The Greater Vancouver Area is experiencing a tight market causing "downward filtering" where low-income renters progressively are often obliged to seek poorer quality accommodation and, in turn, displacing those with even less ability to compete for a diminishing housing pool which, in itself, is being eroded by demolitions.

Almost certainly, increased numbers of tenants have been obliged to move in response to increased rent levels though the magnitude is unknown. They will be replaced by higher-income households who can effectively "out-compete" the previous tenants and absorb the new rents. While some of these moves may be enforced by the landlord in response to rent default, the majority are probably voluntary responses to a situation they can no longer handle. The Tenants Rights Coalition reported an increasing number of households moving because of increased rent levels.

3.3 SUMMARY

The highlights of this chapter include the following:

- The vast majority of the more than 250,000 renters in the Greater Vancouver Area are households without children with slightly over half of all renters in the baby boom age groups. Most renters live in apartments. Renter households without children are more prominent in the more central portions of the region while households with children are more common in the suburbs.

- While renters are more prevalent in the more central portions of the region (i.e., the City of Vancouver, Burnaby and New Westminster), most municipalities within the Greater Vancouver Area have at least one-quarter of all their households who are renters. Moreover, renters, accompanying the trend towards suburbanization, are becoming more dispersed over time throughout the region.

- Renters in the Greater Vancouver Area on average have incomes considerably lower than home-owning households. This is not surprising given the high propensity of middle and upper-income households to become

homeowners and the smaller number of earners in the typical renter household. Average incomes are by far the lowest for seniors living alone and for lone-parent renters.

- Renters in the Greater Vancouver Area, as in the province as a whole, lost ground to renters in the country as a whole during the 1980s, but so did homeowners.

- A very serious affordability problem exists among renters in the Greater Vancouver Area. Some 45 percent of all renters paid 30 percent or more of their incomes for shelter in 1986 (about 101,000 households in total) and the proportion has undoubtedly increased since 1986 as it did during the first half of the 1980s. While not all of these renters have an "affordability" problem, since some renters voluntarily over consume housing, the extent of the problem should not be underestimated. Estimates suggest about 78,000 renters in the Greater Vancouver Area would have had to pay 30 percent or more of their income to secure adequate accommodation in 1986.

- The groups with the most serious affordability problem include low-income lone-parent families, low-income single people, especially those with psychiatric or physical disabilities, and fixed-income single people over the age of 65.

- The proportion of renters paying 30 percent or more of their income for rent is higher in the Greater Vancouver Area than in other major Canadian urban centres with the exception of Victoria. Moreover, nearly half of these renters pay more than 50 percent of their income in rent - indicative of an extremely dire situation.

- All parts of the Greater Vancouver Area have a large proportion of their renters paying 30 percent or more of their income for shelter.

- The currently tight rental market conditions in the Greater Vancouver Area are not the cause of the serious renter affordability problem that exists today but they certainly aggravate it.

- While the current loss of existing rental stock through demolition or conversion to owner-occupancy is not large in relative terms (about 1.2 percent of the total rental stock annually), it does impose stress and disruption on lower-income households who have lived there for many years and is serious at a time when there is least choice in the marketplace for displaced renters.

4.0 FUTURE RENTAL HOUSING REQUIREMENTS AND SUPPLY

The future of the rental market in the Greater Vancouver Area cannot be predicted with a significant degree of accuracy. There are simply too many underlying variables which will affect the market in the future. What we do instead in this chapter is provide a range of rental housing requirements and supply projections based on alternative assumptions for the variables. We also indicate our "best estimate" which incorporates our scenarios of the future, however, by providing a range of projections, the implications of changes in our "best estimate" assumptions can be readily assessed.

Appendix B provides the details underlying the projections presented in this chapter.

4.1 RENTAL HOUSING REQUIREMENTS

4.1.1 What is Meant by Rental Housing Requirements?

Housing requirements refer to the number of additional housing units needed to accommodate expected future household growth and to increase the current low vacancy rate to a level which fairly balances the interests of both tenants and landlords.

Requirements make no explicit reference to the affordability of rental housing. Affordability is a separate issue.

4.1.2 What Are the Key Variables Influencing Rental Housing Requirements During the 1991-2001 Period?

Population growth, especially growth due to net migration, the changing age composition of the population, the propensity of the population to form households (referred to as household headship rates in the technical literature), tenure choices of households, and the choice of a "normal" vacancy rate all have consequences on the level of future rental housing requirements in the Greater Vancouver Area.

4.1.3 What Are the Assumptions Used in the Projections Presented in This Chapter?

The assumptions employed for each of the variables mentioned in the preceding section are discussed individually:

- Population growth

  Two alternative projections of population growth over the 1991-2001 decade are derived for the Greater Vancouver Area. Both projections incorporate the same fertility and survivorship rates (marginal gains in each). Where they differ is in the level of net migration that is assumed - an average of 18,000 and 30,000 persons per year, respectively.

  The net migration assumption of 18,000 persons per year is the same as the net migration assumption incorporated in the GVRD's "Planning Scenario" released in July, 1989.[14] This number approximates the average level experienced over the past 30 years. The high projection assumes that the level of net migration remains near the average annual level during the 1986-1991 period - 30,000 persons versus 32,000 persons. This is below current net migration estimates of nearly 40,000 persons per year (see Exhibit 9).

- Age composition of the population

  The age breakdown of the population in the Greater Vancouver Area is a by-product of the assumptions about the fertility and survival rates and net migration.

- Household headship rates

  Two alternative headship rate assumptions are used. The first scenario assumes that headship rates by age group and family/non-family household types remain constant at the 1991 levels. The alternate scenario assumes that declines in family headship rates are offset by increases in non-family headship rates resulting in moderate increases in overall headship rates (this scenario is similar to trends in the 1976-1986 period). Both scenarios are applied to the two population projections.

- Tenure choice

  Three scenarios of tenure propensities have been derived: the tenure proportions for each age group and household type remain constant at the 1991 levels; there are moderate shifts to ownership in all age/household type groups; and there is a moderate shift to rental tenure in all age/household type groups.

- Choice of a "normal" vacancy rate

  It is assumed that a two percent overall vacancy rate is the rate which results in a reasonably balanced rental market.

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[14] GVRD Development Services, Vancouver Metropolitan Area Population Forecast 1986-2001. Revised, July 1989.

EXHIBIT 36

AVERAGE ANNUAL RENTER HOUSEHOLD GROWTH UNDER ALTERNATIVE SCENARIOS, 1976–2001 GREATER VANCOUVER AREA

	Households	
Actual		
1976–1981	6,500	
1981–1986	6,700	
Estimated		
1986–1991	5,200	
Projected:		
	Average Annual Net Migration	
	18,000 Persons	30,000 Persons
	1991–1996	
Constant 1991 Headship Rates		
1991 Tenure Propensities	4,100	6,300
Shift in Propensities to Ownership	3,000	5,200
Shift in Propensities to Rental	4,800	7,000 *
Increasing Overall Headship Rates		
1991 Tenure Propensities	5,900	8,100
Shift in Propensities to Ownership	4,800	7,000
Shift in Propensities to Rental	6,600	8,800
	1996–2001	
Constant 1991 Headship Rates		
1991 Tenure Propensities	3,500	5,900
Shift in Propensities to Ownership	2,300	4,700
Shift in Propensities to Rental	4,300	6,800
Increasing Overall Headship Rates		
1991 Tenure Propensities	5,900	8,200
Shift in Propensities to Ownership	4,400	7,000 *
Shift in Propensities to Rental	6,400	9,100

* The ranges of the "best estimate" scenarios are highlighted.

Source: Appendix Exhibit B–6.

EXHIBIT 37

BEST ESTIMATE PROJECTIONS OF AVERAGE ANNUAL RENTAL HOUSING REQUIREMENTS, 1991–2001 GREATER VANCOUVER AREA

Renter Household Growth	Average Annual Net Migration		Best Estimate (Average of Two Projections)
	18,000 Persons	30,000 Persons	
		Units	
1991–1996	4,800	7,000	5,900
1996–2001	4,400	7,000	5,700
Increases in Vacancies			
1991–1996	800	800	800
1996–2001	100	100	100
Total Requirements			
1991–1996	5,600	7,800	6,700
1996–2001	4,500	7,100	5,800

Source: Appendix Exhibit B–6.

4.1.4 What Do the Projections Say About Future Rental Requirements?

It is useful to distinguish between two components of requirements - the number of additional rental units needed to accommodate future renter household growth and the number of units needed to bring the overall vacancy rate up to a more balanced situation (assumed to be two percent).

For renter household growth, the projections indicate that between 3,000 and 6,400 units per year could be required during the 1991-1996 period, depending upon the mix of underlying assumptions chosen (see Exhibit 36). A similar broad range of requirements is shown for the 1996-2001 period as well. While these matrices of projections are useful for ascertaining the implications of alternative underlying assumptions, they are not very useful in themselves in providing guidance to the future number of housing units required to satisfy expected household growth.

Our best estimate is that there will be a modest shift to rental tenure from ownership in all age/household type groups and constant headship rates during the 1991-1996 period in response to the sharp rise in house prices in recent years. This reduces the choice to two projections based on the two migration assumptions - requirements of 4,800 and 7,000 units on average per year, respectively, during this period.

With respect to choosing between the two migration scenarios, arguments can be made in support of both, though in some respects the projections can be regarded as representing the upper and lower extremities of likely possibilities. To allow for the most likely possibility that actual rental household growth will fall within the range of 4,800 and 7,000 households per year on average, we have adopted the average of the two numbers (5,900) as our best estimate.

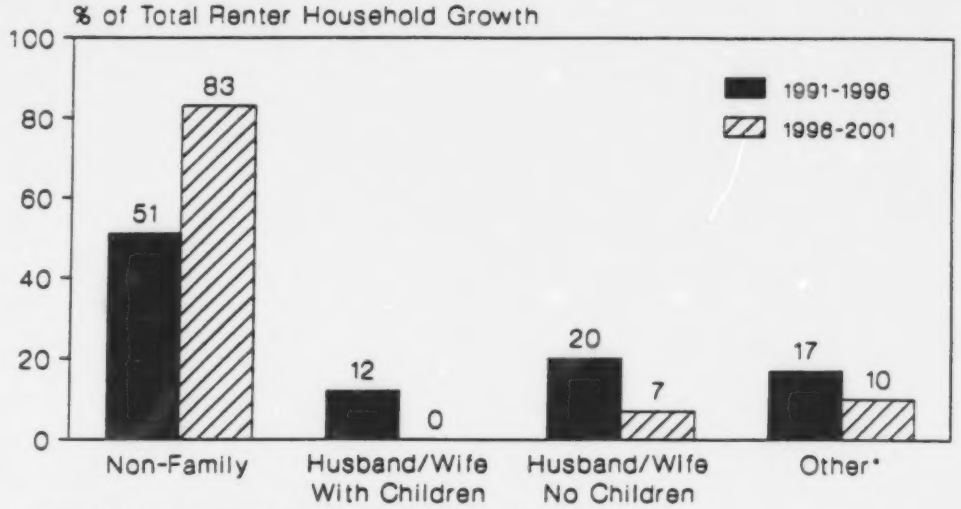
With respect to the 1996-2001 period, our best estimate is that there will be a modest shift back to homeownership and there will once again be modest increases in overall household headship rates. Hence, the most probable rental household growth number falls within the range of 4,400 and 7,000 households annually, about the same as for the 1991-1996 period. The mid point of this range is 5,700 households.

Hence, our best estimate of the number of additional rental units required to accommodate future renter household growth in the Greater Vancouver Area is an average of 5,900 units per year in 1991-1996 and 5,700 units per year in 1996-2001 (see Exhibit 37). This is somewhat above the average annual renter household growth experienced during the 1986-1991 period (5,200) but is below the growth recorded during the 1976-1986 decade (6,600).

For vacancies, it is assumed that a rise in the number of investor-owned houses and condominiums and secondary suites, combined with a moderation in the growth of the economy and in-migration, will result in a slight rise in the overall vacancy rate to 0.75 percent at the beginning of the mid-1991 to mid-1996 period. If the goal is to return the vacancy rate to two percent during the 1991-1996 period, this will require

EXHIBIT 38

BEST ESTIMATE PROJECTION OF AVERAGE ANNUAL RENTER HOUSEHOLD GROWTH BY HOUSEHOLD TYPE 1991-2001, GREATER VANCOUVER AREA



* Includes lone parent and multi-family households.

Source: Projections by Clayton Research Associates.

an additional 800 rental units annually. For the 1996-2001 period the number is a modest 100 units.

Total rental housing requirements then under the best estimate scenario, assuming the target is to return the rental market to a balanced situation by the mid 1990s, are for an average of 6,700 units per year in 1991-1996 and 5,800 units per year in 1996-2001.

4.1.5 What Are the Characteristics of These Additional Households?

Non-family households have historically accounted for the lion's share of renter household growth in the Greater Vancouver Area. Non-family households accounted for 75 percent of household growth in the 1976-1981 period and 52 percent in 1981-1986, according to Census of Canada information. It is estimated that this proportion has increased substantially for the current period, the result of increases in non-family headship rates (following declines in some age groups in the 1981-1986 period).

Under the best estimate scenario, the predominant growth group in both the 1991-1996 and 1996-2001 periods is once again a non-family households (see Exhibit 38). These households are projected to account for 51 percent of rental household growth in 1996-2001, then increase their share to 83 in the 1996-2001 period. The lower proportion in the 1991-1996 period reflects the best estimate scenario, wherein non-family headship rates are kept constant at estimated 1991 rates. In the 1996-2001 period, increases in non-family headship rates (particularly in the younger age groups) are once again assumed, resulting in a larger share of growth being accounted for by non-family households.

4.2 RENTAL HOUSING SUPPLY

The sources of supply considered here in addition to new construction include the net increase in houses and condominiums owned by investors and the net creation of secondary suites. Losses from the existing stock include demolitions and conversions of existing rental suites. As with requirements, alternative assumptions for each of these is considered and a "best estimate" adopted.

4.2.1 What Are the Supply Assumptions Employed?

The assumptions employed for each of these supply variables are discussed individually:

- Net increase in houses/condominiums owned by investors

  During the 1990s as a whole more investors will buy homes and condominiums (both new and existing) while some existing investors will

EXHIBIT 39

AVERAGE ANNUAL NON-CONVENTIONAL SUPPLY OF RENTAL HOUSING AND RENTAL STOCK LOSSES GREATER VANCOUVER AREA, 1986-2001

Additions to the Rental Stock	Estimate 1986-1991	Projections 1991-1996	Projections 1996-2001	Best Estimate 1991-1996	Best Estimate 1996-2001
			Units		
Net Increase in Houses/ Condominiums Owned by Investors	3,700	0-1,500	750-2,250	750	1,500
Net Increase in Secondary Suites	2,000	500-2,500	600-1,800	1,500	1,200
Total Non-Conventional Additions	5,700	500-4,000	1,350-4,050	2,250	2,700
Losses from the Rental Stock					
Demolitions	1,100	200-1,200	400-1,400	700	900
Conversions of Existing Rental Structures to Condominiums*	2,000	0-1,000	100-1,100	500	600
Total Losses	3,100	200-2,200	500-2,500	1,200	1,500
Net Additions to the Rental Stock Excluding the Construction of New Rental Projects	2,600	300-1,800	850-1,550	1,050	1,200

* Includes rental buildings that were strata titled at the time they were built.

Source: Exhibit 12 and projections by Clayton Research Associates.

sell the units they currently own. However, it is highly probable that the net increase in the stock of investor-owned units will be lower in the 1991-2001 period than the level experienced in the 1986-1991 period which includes the consequences of the latest real estate market upturn.

Two assumptions are employed. The net increase in investor-owned houses and condominiums ranges between 0 and 1,500 units per year on average in 1991-1996 and 750-2,250 units per year in 1996-2001. **Our best estimate is the mid point of the ranges, namely an average of 750 units and 1,500 units per year, respectively, in 1991-1996 and 1996-2001.**

- Net creation of secondary suites

Arguments can be raised in support of both more or less secondary suites being created in the 1991-2001 period compared with the current 1986-1991 period. Our best estimate assumption is that there will be fewer secondary suites created on a net basis in the 1991-1996 and 1996-2001 period than at present because of: (a) a less hectic real estate market; (b) a reduced number of potential secondary suites as the stock of houses with secondary suites increases; and (c) municipalities instituting more controls on secondary suites than in the 1986-1991 period.

Our best estimate is that the number of secondary suites created net of suites removed will average 1,500 units per year between 1991 and 1996, declining to 1,200 units per year in 1996-2001.

- Demolitions

As with secondary suites, arguments can be raised to support either an increase or a decrease in the number of demolished rental units in the 1991-2001 decade compared with the estimated 1986-1991 experience. An argument in favour of higher numbers is that the large stock of low-rise apartments built in the 1960s is becoming increasingly ripe for redevelopment. In favour of fewer demolitions is the fact that with a less hectic real estate market there is likely to be less pressure for redevelopment.

Our best estimate is that on average 700 existing rental units will be demolished in the 1991-1996 period per year, rising to 900 units per year in 1996-2001.

- Conversion of existing rental structures to condominiums

As with the other supply components mentioned, a range of possibilities exist with regard to the conversion of existing rental structures (mostly those which are already strata titled). **Here it is assumed under the "best estimate" scenario that the number will decline over the 1991-**

2001 period compared to the 1986-1991 period - to an average of 500 units per year in 1991-1996, rising marginally to 600 units per year in 1996-2001.

4.2.2 How Much of the Rental Requirements Are Likely to Come From Non-Conventional Sources?

As already discussed, during the current 1986-1991 period, it has been estimated that a significant amount of housing has been added to the existing stock through sources we are calling non-conventional: the net increase in houses/condominiums owned by investors and the net increase in secondary suites. A total of 5,700 units annually are estimated to have been added to the rental stock from these sources (see Exhibit 39). These units amount to nearly three-quarters of all the gross additions to the rental stock (non-conventional plus the construction of new rental projects) during this period. They more than offset the losses to the existing rental stock through demolitions and conversions (an estimated 3,100 units annually).

During the 1991-2001 decade the number of additional rental units coming from these non-conventional sources under our best estimate scenario is anticipated to decline sharply from 5,700 units per year to the 2,250-2,700 unit range (see Exhibit 39). In particular, there is likely to be sharply reduced investor interest in buying houses and condominiums for rent in the first half of the 1990s from the recent levels as the housing market cools. Some rise in the latter part of the decade is assumed.

With regard to secondary suites, the potential for additional secondary suites under our best estimate is assumed to diminish as more secondary suites are created. Moreover, there is a limit on the absolute number of secondary suites that can be created even in an unconstrained environment since not all houses are structurally suitable for the addition of a suite and not all owners have the desire to create these suites. Thus it is projected that the net increase in the number of secondary suites declines through the 1990s.

On the loss side of the housing supply equation, under our best estimate it is expected that the volume of both demolitions and conversions will decline with the advent of a less hectic real estate market and the diminution of the stock of strata-titled rental buildings.

The gross additions to the rental stock from non-conventional sources less losses from the existing stock is expected to be a positive contribution to the growth of the rental stock but at a lesser pace than in 1986-1991. Our best estimate is that the average number of units added to the rental stock from these sources declines to approximately 1,050 units per year in 1991-1996 from 2,600 units per year in 1986-1991 with a modest increase to 1,200 units per year in the latter half of the 1990s (see Exhibit 39).

EXHIBIT 40

REQUIREMENTS FOR NEWLY BUILT RENTAL HOUSING GREATER VANCOUVER AREA, 1991–2001

	Best Estimate	
	1991-1996	1996-2001
	Average Annual Units	
Total Requirements for Additional Rental Housing:		
To Accommodate Household Growth	5,900	5,700
To Allow for Growth in Vacant Units	800	100
Total	6,700	5,800
Less:		
Net Additions from the Existing Stock	1,050	1,200
Equals Requirements for Newly Built Rental Housing:		
To Accommodate Household Growth	4,850	4,500
To Accommodate Household Growth and Allow for Growth in Vacancies	5,650	4,600

Source: Exhibits 37 and 39.

4.2.3 How Many Newly Built Rental Units Are Required in the 1991-2001 Decade?

The best estimate projection shows that there will be a need for a significant increase in the production of new rental units during the 1990s from the level of production during the 1986-1991 period. An average of 4,850-5,650 units are projected to be required annually in the 1991-1996 period, up from the annual average of 2,400 units built in the preceding five years (see Exhibit 40). Requirements for newly built rental units are then projected to moderate to the 4,500-4,600 units per year range during the latter half of the 1990s. These newly built rental units are required beyond the expected additions to the rental housing stock from non-conventional sources.

4.3 SUMMARY

The highlights of this chapter include the following (see Exhibit 40):

- Our "best estimate" projection of the amount of housing required to accommodate household growth only in the Greater Vancouver Area is for an average of 5,900 units per year in the 1991-1996 period and for 5,700 units per year during 1996-2001.

- As well, if an allowance is made for the vacancy rate to rise and stabilize at a level compatible with a balanced market (approximately two percent), total rental housing requirements in the Greater Vancouver Area increase to an average of 6,700 and 5,800 units per year, respectively, in the 1991-1996 and 1996-2001 periods under our "best estimate" projection.

- Some of this requirement for additional rental housing is expected to be filled by net additions from within the existing stock - 1,050 units per year on average in 1991-1996 and 1,200 unit per year on average in 1996-2001.

- The remaining requirements will need to be met by newly built rental housing - 5,650 and 4,600 units per year in 1991-1996 and 1996-2001, respectively - to satisfy both household growth and bring about a rise in the overall vacancy rate to about two percent.

- These "best estimate" requirements for newly built rental projects are considerably higher than the 2,400 units built on average per year in the current 1986-1991 period.

5.0 REVIEW OF EXISTING RENTAL HOUSING INITIATIVES

This chapter describes the rental housing initiatives now being taken by the various municipalities within the Greater Vancouver Area. It also briefly describes policies and programs at the provincial and federal levels.

5.1 EXISTING MUNICIPAL INITIATIVES

This section provides an overview of existing municipal initiatives that have been undertaken to respond to the problems of rental housing affordability. Since the original terms of reference for this study were established, most municipalities have commenced at least some review of problems in their jurisdiction, and the measures open to them. This has resulted in a whole series of political and staff initiatives, both within municipalities and, increasingly, on a co-operative base between municipalities.

The severity of the rental housing "crisis" is perceived differently among the municipalities within the Greater Vancouver Area. Some municipalities consider the situation to be of critical and urgent concern and have responded with a wide range of initiatives designed to alleviate the problems. Other municipalities do not perceive rental housing issues as major concerns within their communities and have taken a "go-slow" approach to new initiatives. This variation in response may be reasonable when viewed in the context of the current number and proportion of renter households within each municipality. As the region matures, however, there will be increasing demands for rental accommodation in all municipalities and, eventually, more interest among municipalities in rental housing policies and programs.

Exhibit 41 is designed to provide a "snapshot" of what Greater Vancouver Area municipalities are currently doing response to rental housing problems. From a review of this material it is appar : that the City of Vancouver has taken the lead role in developing policies and programs. This is not a new role for the City as its development history has spurred other innovative actions and programs in the past. The City's concern for renters and for maintaining affordable rental accommodation is, in part, a natural response to the already large number of renter households living within the City and, in part, a response to the growing problems of rising rents, insecure tenure and displacement being experienced by many Vancouverites.

Historically, Vancouver has been the primary recipient of new immigrants and has traditionally been home to a large number of low-income single people and people with special needs. The majority of these people live in the central area neighbourhoods of the City, east of Burrard in residential hotels and rooming houses owned by private sector landlords. While these neighbourhoods have a very high proportion of single, middle- aged to elderly men when compared to the rest of the City, women with children are now moving increasingly into these areas, though the numbers still appear to be quite small.

GREATER VANCOUVER MUNICIPALITIES: MUNICIPAL INITIATIVES

MUNICIPALITY	1986 # of Rental Dwellings	1986 % of Rental Dwellings	Rent Review Position	Conversion Policy	Secondary Suites	Demolition Control	Other Initiatives and Relevant Information
VANCOUVER	107,225	57.7	Yes 13.02.90	Yes	Family Suites all areas/ Revenue suites in some areas	Partial + $1000/per multiple unit In RS-1 must have bldg. permit	10% participation in VLC - joint venture to construct affordable rental Housing & Properties Department recently created Owns and manages housing stock for the disadvantaged Rezoning for "New Communities on Industrial Lands" $5 million revolving fund for seniors' housing demonstrations Requesting Province to roll back unconscionable rent increases "Housing First: policy for underused public lands" "Housing above Shops" zoning amendment Co-operating with FG/PG re: housing on crown lands Requesting changes to Residential Tenancy Act Requesting changes in Human Rights Act Established social housing and moderate rental target of 10,000 over 10 years 20% non-market housing requirement for major rezoning Land purchase and lease-back for non-market housing Priority processing for non-market & moderate rental housing Requesting Charter authority to zone for rental housing Requesting Charter authority for development levies Established relocation, housing information, and emergency assistance services for tenants Assist tenants to buy building through index linked mortgage
SURREY	19,925	32.1	Yes 05.03.90	Yes	Under Review	No	Study of secondary suites Fast tracking of rental projects - rezoning & permit Annual review of land supply

EXHIBIT 41

MUNICIPALITY	1986 # of Rental Dwellings	1986 % of Rental Dwellings	Rent Review Position	Conversion Policy	Secondary Suites	Demolition Control	Other Initiatives and Relevant Information
BURNABY	28,210	48.4	Yes 28.08.89		Occupancy Restrictions		Require 20% non-market housing in major projects Land banking - release for non-market housing Active Housing Committee of Council Official Plan contains "Special Needs" housing policies Special housing goals and policies for Metrotown 13 areas designated for apartments - land supply monitored 3 municipal sites released for non-market housing in last 18 months
RICHMOND	12,675	33.3	No	Yes	No	No	Affordable Housing Property Acquisition Fund Land bank/lease program for non-market housing
DELTA	4,510	18.1	Yes 19.03.90		No	No	Initiated study on sites for non-market housing
COQUITLAM	8,005	33.1	No	Yes	No	No	Established Affordable Housing Committee of Council Initiated study on sites for non-market housing Large Crown (Province) land bank - Burke Mountain
D. M. NORTH VAN.	4,785	20.4	Yes 22.01.90	Yes	Under review	Moratorium Multi-Family	Completed detailed study of secondary suite issue Large, undeveloped Federal & Provincial holdings
NEW WESTMINSTER	12,565	64.7	Yes 12.02.90	Yes	No	No	Large Provincial Crown land holdings - opportunity for redevelopment

EXHIBIT 41 (CONTINUED)

MUNICIPALITY	1986 # of Rental Dwellings	1986 % of Rental Dwellings	Rent Review Position	Conversion Policy	Secondary Suites	Demolition Control	Other Initiatives and Relevant Information
WEST VANCOUVER	3,645	26.0	No	Pending	Occupancy Restrictions	No	Housing Task Force established
CITY NORTH VANC.	10,925	64.0	Yes 01.01.90	Yes	Occupancy Restrictions	Moratorium Partial	Land bank/land lease program for non-market housing Allow bonus densities for rental and non-profit Promoting conversion of non-residential uses for housing Special study being undertaken on secondary suites Moratorium on enforcement of 'illegal' suites Considering rental zoning and other initiatives Held special housing issues public meeting
PORT COQUITLAM	2,155	23.0	Yes 02.05.90	Yes	No	No	OCP identifies 10 areas for apartments
PORT MOODY	1,870	34.5	N/K	No	No	N/K	
WHITE ROCK	2,730	38.9	No	Yes	No	No	Seniors' housing encouraged - no OCP amendment required

EXHIBIT 41 (CONTINUED)

The tightening rental situation and the demand for new condominium housing, particularly in some desirable Westside neighbourhoods in the City of Vancouver has created new problems for many tenants, in particular, for seniors who have been living in the same apartment for many years. Some are being faced with burdensome or impossible rent increases while others are facing the prospect of relocation due to redevelopment of their "underutilized" properties.

City Council and staff have been aggressive in identifying and researching ideas that might be translated into action to protect renters, to maintain the affordable housing stock and to encourage new production. However, the lag time between the identification and examination of the specific problem and a policy or program to redress the problem can be fairly lengthy.

Some of the most innovative ideas that are being implemented include:

- Ten percent participation in the Vancouver Land Company to build affordable rental units;
- Financial levy on each multi-family unit to be demolished;
- Establishment of a relocation, housing information and emergency assistance services for tenants; and
- Negotiation of a percentage of affordable rental housing in new developments.

Many other items are being pursued and some major initiatives may be announced within the coming months. Mayor Campbell has also taken an active role on housing issues and has spearheaded the drive for re-institution of a form of rent review by the Province on behalf of all Greater Vancouver Mayors.

The City of North Vancouver and the District of Burnaby are also distinguished within the Greater Vancouver Area as two municipalities that have taken a series of initiatives designed to increase the supply of affordable rental housing and maintain the existing affordable stock. Burnaby has the longest tradition of land banking within the Region, and has been actively releasing sites for non-market housing on a long-term lease basis over the past eighteen months. Both the City of North Vancouver and Burnaby have a high proportion of renter households and, with the City of Vancouver, share some of the social characteristics of the "inner city". As affordability problems increase, particularly for households with special needs, these two communities are being challenged to seek out new solutions.

The four large suburban municipalities - Surrey, Coquitlam, Richmond and Delta - are experiencing exceptional growth pressures. These municipalities are faced with major land supply and housing issues on a continuing basis. Three of these municipalities have about a third of their housing stock occupied by renters - the exception is Delta with less than 20 percent rental dwellings. The principal concerns for these municipalities are how to assure a sufficient supply of multi-family land for future renters and the necessary municipal service infrastructure to support these households - the loss of current affordable stock has not been, nor is expected to be, an issue with the exception of rented single-detached houses in these municipalities.

Among the suburban municipalities, Richmond has taken the most recent and, potentially, far-reaching initiatives through the creation of an Affordable Housing Property Acquisition Fund. The principal source of revenues for this fund is from development projects which are unable or unwilling to provide a percentage of affordable rental housing on-site. Surrey and Coquitlam both have large reserves of land suitable for urban development. Coquitlam, in particular, has a very large reserve of Provincial Crown land on Burke Mountain with additional substantial holdings in the Riverview area.

On the North Shore, West Vancouver has not taken any specific initiatives on the rental housing issue nor is there any indication that the municipality plans on addressing the subject directly. The District of North Vancouver has been grappling with the issue of "secondary suites" and is currently considering a new policy following the completion of a comprehensive study. Although the District has relatively large, undeveloped land holdings suitable for urban growth - much of which is publicly owned - there has been significant community pressure to maintain a low-density development form. In fact, within the past year, lands that had been previously identified for multi-family development have been re-designated for lower density residential/recreational uses.

Historically, the City of New Westminster had a large proportion of rental dwellings and has been home to many low-income and special needs households. The majority of new housing created through the revitalization of the lands along the Fraser River has been owner-occupied and this is generally viewed favourably by the municipality. To date, most of the new growth has taken place on land reclaimed from former industrial use and existing affordable rental stock has not been jeopardized. No initiatives specifically targeted at renters have been taken. Loss of affordable stock through redevelopment may become an issue in the future as the available supply of former industrial land is used up.

The three smaller suburban municipalities - Port Moody, Port Coquitlam and White Rock - are not specifically developing policies or programs to encourage new affordable rental housing construction at this time.

5.2 PROVINCIAL AND FEDERAL POLICIES AND PROGRAMS

Senior government policies and programs that affect the rental housing market are documented in chart form in Appendix D. The basic elements of senior government involvement in the rental market are highlighted below.

5.2.1 Demand Side Programs

There are three programs at the provincial level which supplement the capability of lower-income households to afford adequate rental housing:

- GAIN

  Under the Guaranteed Available Income for Need (GAIN) program, an income assistance program, a "shelter allowance" is available to needy households.

- SAFER

  Under the Shelter Aid for Elderly Renters (SAFER) programs, eligible seniors who are paying more than 30 percent of their incomes on rent are provided with monthly shelter assistance. In 1989-1990 the program helped 9,130 seniors across the province with their rent.

- Renter's tax reduction

  Renters with modest incomes who pay provincial income tax are given a tax credit by the Province. The size of the credit is related to household size and income.

5.2.2 Supply Side Programs

- Social housing

  Social housing is provided under the auspices of the Federal Government (co-operative housing program and urban native non-profit housing programs) and both the Federal and Provincial Governments (non-profit housing and rent supplement programs).

  As noted in Section 2.3.2, non-profit and co-operative housing production has in recent years averaged approximately 1,400 units per year in the Greater Vancouver Area. In coming years it is likely there could be moderate declines in the number of units built (see Section 2.3.3).

- B.C. Rental Supply Program

  This is a program which provides an interest rate subsidy to developers building market rental housing. Details of approvals in the Greater Vancouver Area under this program are highlighted in section 2.3.7.

- Municipal Incentive Grants

  Under this program, the Province provides municipalities grants of up to $2,500 for each unit of multiple dwelling rental housing approved within a specified time period.

- Crown land

  The Province is identifying provincial Crown land sites that may be suitable for new rental housing which will be offered to developers for the construction. The Federal Government is also reviewing the potential of selected sites it owns in the Greater Vancouver Area for housing (including rental housing).

5.3 SUMMARY

Highlights of this chapter include:

- While the City of Vancouver has taken the lead role in the development of policies and programs to deal with rental housing problems, most municipalities have commenced at least some review of rental problems in their jurisdiction.

- Both the Provincial and Federal Governments have various policies and programs targeted at rental housing. Most prominent from a rental production perspective are the social housing programs and the Province's Rental Supply Program.

6.0 A STRATEGY FOR ACTION

This chapter provides a basis for a strategy of action to be initiated by the GVRD and its constituent municipalities. The chapter begins by highlighting the four major policy initiatives that the consultants believe municipal governments and the GVRD should concentrate on to have the maximum effect on the issue of rental affordability.

The four recommendations are drawn from a total of 35 recommendations which are targeted at all levels of government and the private sector. These recommendations in turn have been drawn from a matrix of 65 policy options which were reviewed and form Appendix C to the report.

Following the four highlighted recommendations, the chapter is structured as follows: reiterates the problems and market scenario for 1991-2001; summarizes the consultants' perspective; identifies a framework for municipal policy roles; provides an overall goal, objective and policy principles for municipal rental housing strategies; provides recommendations for all levels of government and the private sector; and provides an evaluation of selected proposals under active consideration by municipalities today.

6.1 FOUR POLICIES FOR PRIORITY ACTION

The four policies considered to have the highest priority are:

- The GVRD should become a more active participant in housing issues through the strengthening of its advocacy role, undertaking policy research, maintaining an information system on land availability and rental housing development and target setting.

- Municipalities within the GVRD should agree to legalize secondary suites without occupancy restrictions in all single-family detached dwellings. This policy initiative will require further study, including careful practical standard setting. Legalizing secondary suites will require a variety of amendments to municipal zoning by-laws, other regulations, and may require amendments to the Building Code. The municipal initiatives should be accompanied by a program of grants or loans on favourable terms to homeowners offered by the Provincial Government to allow upgrading of existing suites to comply with municipal regulations and the creation of new suites.

- Municipalities should be encouraged to pre-zone land to ensure a supply consistent with targets agreed to between municipalities within the GVRD. Co-operation should be sought with the Province to assist in funding special studies and trunk services where this is appropriate.

- Municipalities should lobby both the Provincial and Federal Governments to increase income support for low income households. This support could be through an enriched GAIN program or through an enhanced shelter allowance program.

6.2 REITERATION OF MAJOR RENTER HOUSING PROBLEMS

Three major problems areas have been pinpointed in our research (see Section 3.2):

- Problems of affordability.

  A very large and growing number of renters in the Greater Vancouver Area are required to pay an excessive portion of their income to secure adequate accommodation. This situation has deteriorated since the early 1980s, and low incomes make many renters vulnerable to significant rent increases.

- Tight rental market.

  The rental vacancy rate is significantly below the level that balances the interests of both tenants and landlords.

- Losses of existing rental units.

  Existing rental accommodation is being removed through demolition or conversion to owner-occupancy.

Scenario for the 1991-2001 Decade

Without any significant government housing policy shifts, we anticipate the following for the 1991-2001 decade: (a) a serious rental affordability problem will continue to exist in the Greater Vancouver Area; (b) there could be a requirement for at least twice the volume of newly built rental housing units than the numbers built during the 1986-1991 period, especially during the first half of the 1990s; (c) while land and construction costs for new rental projects will become more favourable for new rental construction, any improvement is unlikely to be large - this would only happen if there is a surplus of multi-family land created; (d) high interest rates will continue to be a drag on the amount of rental construction in the early part of the period; and (e) average annual losses from the existing rental stock will be considerably less than the losses experienced during 1986-1991.

6.3 CONSULTANTS' PERSPECTIVE

The **issue of housing supply** is resolvable through the measures identified in this report, if accompanied by the presence of reasonable interest rates. The issue of housing supply requires acts of significant political will to tackle such controversial issues as secondary suite policies and enhanced land supply.

The **issue of affordability** is a larger, more intractable problem, and there should be no illusions about simple methods of solving this problem Affordability is rooted in inadequate income, which in turn is a reflection of the regional economy, its employment structure, and social changes. Treating this issue as an income rather than a housing problem would be the best approach.

The consultants wish to stress the importance of taking a long-term view of Vancouver's housing market and its problems. There is a need for continuity in co-operation and policy making. Vancouver's current housing "crisis", in many ways, echoes that of the early 1980s and many of the policies discussed then are being rediscussed now. Currently, high interest rates will take the heat out of real estate markets and reduce in-migration, but a number of factors are mitigating against the severity of previous downturns in the economic and real estate cycles. These include the Greater Vancouver Area's location on the emerging Pacific Rim, offshore investment, and senior government policies targeted at encouraging investment in the region.

Recognition of continued future growth pressures and the fact that no municipality can be immune from them and will need to plan to manage growth is essential.

We also hold the view that municipalities must be more creative in their role of regulators of land use/land supply in encouraging new affordable rental housing, and that the Province should be equally vigilant in monitoring local governments' response. Experience elsewhere reveals that some municipalities are lukewarm or openly hostile to affordable rental housing initiatives, and that a senior level of government has been called on to take an "over-riding" role.

A truly effective rental housing strategy will require **co-ordination** among local municipalities, the GVRD and the Province and the Federal Government, as well as a periodic evaluation of the success or failure of new initiatives. The consequences of not proceeding with a co-ordinated strategy will likely lead to an imbalanced commitment to the problem, with some municipalities taking many initiatives while others do little. The potential for policies operating at cross purposes or having unintended impacts on neighbouring municipalities would also increase.

Consequently, we hold the view that the Regional District has a valuable and enhanced role to play on housing issues. As the urban region continues to grow, it is increasingly difficult for individual municipalities to see the "bigger picture" and fully understand their respective roles in the evolving housing market. Many issues transcend municipal boundaries; some affect all Greater Vancouver municipalities.

Without co-ordination, it is unlikely that the individual decisions of the area's municipalities will add up to be in the best interests of the "regional community". An enhanced role for the GVRD in information generation, policy research and target setting, as well as a strengthened advocacy function, should be part of any rental housing strategy.

It is our view that the primary responsibility for funding the production of newly built affordable housing should rest with the senior levels of government and that the Regional District and its municipalities should be vigilant in persuading the senior governments to maintain this role and expand it when warranted (such as at the present time).

But we also take the position that government will never be able to "build its way" out of the affordability problem - the costs would be excessively high - and the implications for the housing market are unlikely to be acceptable by the community. While social housing programs are extremely important, the number of units actually produced through this vehicle are relative few when examined in light of the current and forecast needs for affordable rental housing. It is our view that the private sector will continue to serve as the major source of rental units, both new and from within existing building stock.

Finally, we do not oppose demolitions or conversions of rental projects to owner-occupancy per se. The housing stock in a large urban centre is dynamic. The usage of this stock evolves in response to pressures brought about by changing demands of its residents which in turn reflects changing social, demographic and economic trends. Demolitions and conversions are a response to these pressures for changes. However, we recognize the hardship, disruption, and financial costs of demolitions and conversions for lower-income, often long-term, occupants of these buildings (see section 3.2.3). The resulting social costs should be borne by the properties' owners, not the tenants. Therefore, there is a need to regulate both demolitions and conversions so that the property's owners are financially responsible for compensating tenants in full for all the costs (both financial and social) imposed upon them by the need to move and find alternative accommodation.

6.4 FRAMEWORK FOR MUNICIPAL POLICY ROLES

The various policies and programs (actions) which the GVRD and its municipalities can undertake can be conveniently groups under six headings:

- Direct intervention role;
- Regulator role;
- Planning and policy research role;
- Education role;

EXHIBIT 42

POLICY AND PROGRAM ROLES FOR THE GVRD AND ITS MUNICIPALITIES

Role	Municipal Governments	Regional District
Direction Intervention Role Decisions are taken which lead to actions or programs which involve direct impact capital spending or ongoing operating subsidies.	YES	YES
Regulatory Role Decisions are taken which have an impact on the marketplace and ultimately on the availability and cost of housing. e.g. zoning or development cost charges.	YES	NO
Planning and Policy Research Role Staff are assigned to develop housing po[illegible]ro-active and reactive) and m[illegible] relevant information ab[illegible]l housing issues.	YES	YES
Educati[illegible] Inf[illegible]n about housing issues is [illegible]d and communicated to s[illegible]nterest groups and the com[illegible] at large.	YES	YES
Facilitatic[illegible] Staff are 'loaned' or grants given to assist non-profit societies in working on rental-related issues.	YES	LIMITED
Advocacy Role Political positions are established around housing issues and communicated to senior levels of government. e.g. Mayors' recent initiative on rent review.	YES	YES

Source: Clayton Research Associates/City Spaces Consulting.

- Facilitation role; and
- Advocacy role.

These are briefly summarized, and their applicability to both the municipalities and the GVRD itself, in Exhibit 42.

The roles identified for municipalities - for example, direct intervention and regulation - can also be fulfilled at the Provincial and Federal levels within their own legislative frameworks. As an example, through the Residential Tenancy Act, the Province has a vehicle to regulate rents, security of tenure, etc.

6.5 OVERALL GOAL

One of the essential ingredients in maintaining the "Livable Region" is to ensure that current and future residents of the Greater Vancouver Area have access to adequate and affordable housing. Traditionally, rental housing has been the principal type of affordable accommodation for low income households as well as for newcomers. An adequate supply of rental housing at rents which are affordable is critical to the economic and social well-being of those for whom home ownership is not a choice and is also fundamentally important to ensuring labour mobility within the region. Future prosperity within the Greater Vancouver Area depends, in part, on being able to have sufficient affordable housing for existing residents and to accommodate newcomers who have the necessary employment skills for newly created jobs.

The overall goal of the recommended strategy is as follows:

- To ensure that there is a sufficient supply of rental housing to meet the needs of the growing urban region and a sufficient supply of affordable rental housing to meet the needs of moderate and, to the extent possible, low-income households.

6.6 OBJECTIVES

The rental housing strategy should address a co-ordinated series of inter-related objectives:

- To increase the current supply of market rental housing in all parts of the urban region and ensure that there is sufficient land available for future new market rental housing projects;
- To increase the current supply of affordable market rental housing in all parts of the urban region and ensure that land use policies aid the future provision of affordable market rental housing;

- To increase the supply of non-market rental housing in all parts of the urban region and ensure that municipal policies provide the opportunity for future provision of non-market rental housing;

- To make effective use of existing buildings and land which have been previously developed for less intensive purposes; and

- To give special attention to the needs of households who are displaced through the redevelopment or conversion process.

6.7 POLICY PRINCIPLES

There are certain guiding principles which will serve to augment the strategy's objectives and set a framework for the recommended actions:

- All Greater Vancouver Area municipalities, the Regional District and the Provincial Government as well as the Federal Government and the private sector have important roles to play, individually and collectively, in achieving the strategy's overall goal and objectives;

- Planning to accommodate future growth through policies which ensure a surplus of multi-family land will help to make future rental developments more affordable;

- Land use policies and regulations should be designed to be "inclusive" rather than "exclusive" of affordable, multi-family rental housing in all Greater Vancouver municipalities;

- The development approval process should be compressed to help bring new rental housing "on stream" and assist in reducing the carrying costs of new housing development;

- Since social housing will never be sufficient to meet the region's needs, a combination of social housing and private sector housing (both non-conventional sources such as secondary suites and new construction) will be essential to meet future demand; and

- Many households face such severe affordability problems that they require income supplementation and/or an expanded shelter allowance scheme.

6.8 RECOMMENDATIONS FOR THE REGIONAL DISTRICT

The recommendations presented here and in the subsequent sections have been drawn from the detailed listing of actions contained in Appendix C.

The Regional District has been active in the production of social housing through its Non-Profit Housing Corporation (GVRHC). With a portfolio of 3,100 units, the Housing Corporation plays an important role as a direct intervenor in the housing market. GVRD has been less active in the other roles. Some changes may be required to the enabling Letters Patent if all the following recommendations are pursued:

Recommendation 1: GVRD should become a more active participant on housing issues through the strengthening of its advocacy role and the funding of an information and policy research role. Research projects could include a review of model by-laws, an investigation of the impacts of secondary suites and the development of potential pilot rental projects.

Recommendation 2: GVRD should prepare an annual Regional Housing Statement about housing issues and convene an annual "housing forum" to review each past year's progress, new programs and emerging issues.

Recommendation 3: GVRD should maintain an information system on residential land availability throughout the region. The system should be continuously updated with information supplied by constituent municipalities and results published annually. The system would identify the extent of lands, status of servicing, and capacity for multi-family housing.

Recommendation 4: GVRD should establish targets, on an average annual basis, for the creation of rental housing units within the Regional District. These targets would be discussed at the annual "housing forum" and published in the annual Regional Housing Statement.

Recommendation 5: GVRD should adopt the target of 6,700 units per year on average for the creation of additional rental housing for the Greater Vancouver Area for the next five years from all sources including new construction, secondary suites, and investor-owned units over and above rental stock losses. The target should be reviewed annually and updated as required in the Regional Housing Statement.

Recommendation 6: The Regional District should co-ordinate the preparation of policy positions on major housing issues on behalf of its constituent municipalities for communication to senior levels of government. Similarly, the Regional District should co-ordinate responses to long established and recently initiated senior government programs.

Recommendation 7: The Regional District's Non-Profit Housing Corporation should be encouraged to be more active in the production of new social housing and make best advantage of the existing senior government programs.

Recommendation 8: Consideration should be given to establishing a land bank program for non-market housing sponsored by private non-profit groups either under the auspices of the Regional District or the GVRHC.

Recommendation 9: The GVRHC should be encouraged to maintain a central waiting list as an indicator of need in the Region.

Commentary

During the course of the study, it became apparent to the consultants that there is a lack of consistent data on land availability and development capacity available at the regional level or, in many cases, at the municipal level. The absence of this data base means that the Region and its constituent municipalities are ill prepared to effectively manage growth, since there is not the ability to assess their land resources relative to either short or long-term demand. The regional community is, therefore, vulnerable to the impact of the periodic peaks in demand. Although the overall supply of designated land appears adequate for the long term, the availability of zoned land, the time necessary to process it, and the demands for simultaneous approvals, conspire to drive up prices.

The absence of an "overall picture" results in individual municipalities operating in isolation from each other. In terms of equity, this results in considerable variation in municipal efforts.

A common data base, both for land supply and for requirements, would allow municipalities to move toward role identification and an allocation of rental housing supply targets between municipalities based on some form of fair share allocation.

Within overall land supply, it would be a financially sensible policy to identify likely land requirements for social housing over five year increments. The municipalities could, therefore, target for a percentage of those starts to be on municipally acquired land (e.g., 25 percent or 50 percent with the remaining land obtained independently by sponsor groups). Land could, therefore, be purchased by municipalities with agreement on allocation between them. This would avoid the current evolving situation where many municipalities are considering making existing land available or undertaking purchases without regard for the limited overall requirement resulting from a unit allocation. Crisis acquisition may lead to municipalities acquiring a surplus of land for social housing or paying a needlessly high price for this land.

Overall, the consultants believe that in a large complex metropolitan area, the regional jurisdiction should be the repository of data on land supply, targets, and be a forum for planning to manage not only rental housing, but also wider urban growth. This approach is by no means innovative. Other jurisdictions maintain significant information and intelligence systems on land demand and supply at the regional level.

The recommendations formulated, therefore, emphasize the roles of co-ordination, planning and policy, education, and advocacy for the GVRD.

The Regional Housing Corporation's existing organization should be capitalized on to the extent possible.

6.9 RECOMMENDATIONS FOR GREATER VANCOUVER MUNICIPALITIES

Greater Vancouver Area municipalities have several different, yet complementary, roles to play in easing the current rental housing shortage and in ensuring there will be an adequate supply of affordable rental housing in the future. These roles, described earlier in the chapter (see section 6.4), include: direct intervention, regulation, planning and policy research, education, facilitation and advocacy.

The regulatory role is a statutory function and one which is used by all municipalities to a greater or lesser extent in encouraging or discouraging multi-family housing. The planning and policy research role is also familiar, although only three municipalities at the present time have staff specifically assigned to work exclusively on housing policies and issues. Traditionally, municipalities have been reluctant to directly intervene in the production of rental housing or to provide funding for housing programs. This current period of low vacancy rates has prompted municipalities to reconsider this position and some, including the City of Vancouver, the City of North Vancouver and Burnaby have become very active.

The following recommendations reflect the paramount importance of the planning and regulatory roles that will continue to be played by all Greater Vancouver Area municipalities and also address where municipalities might most effectively direct their scarce resources in taking on more pro-active roles:

Recommendation 10: All Greater Vancouver Area municipalities should be required to develop housing policies for inclusion in their Official Community Plans. Additionally, municipalities should designate at least a 10 year supply of serviced (or serviceable) multi-family residential land within their plans and, subsequently, undertake an annual review of the supply/demand situation and pre-zone sufficient land to provide a ready supply for their requirements.

Recommendation 11: Average annual targets should be set by all Greater Vancouver Area municipalities for the creation (either through new production or the creation of units within the existing housing stock) of affordable rental housing.

Recommendation 12: Municipal policies and regulations should be amended to permit secondary suites in all single-family dwellings without restrictions on who may occupy the suite, since these can be an important source of affordable housing. These amendments will be controversial in some municipalities, and may need to be phased over a period of several years.

Recommendation 13: The establishment of a non-market housing "legacy fund" should be given consideration by all Greater Vancouver Area municipalities. These funds would be tailored to their individual circumstances with funding to be provided

by new market residential and commercial developments during periods of low rental vacancy rates through one or all of the following means:

- A per unit levy on rental units lost through redevelopment or conversion;
- A temporary "surcharge" applied to current development cost charges; and/or
- A temporary levy applied to large retail/office developments on a floorspace basis.

Recommendation 14: All Greater Vancouver Area municipalities should give serious and early consideration to a land banking program to be made available for non-market rental housing projects. The principal source of funding for this program could be through the "legacy fund".

Recommendation 15: Municipal regulations should be reviewed at the earliest possible opportunity to ensure that existing by-laws and other regulations are not impediments to the creation of affordable rental housing. Concurrently, municipalities should examine ways in which these regulations can be amended to encourage affordable rental housing.

Recommendation 16: Projects which will deliver long-term affordable rental units, including specialized seniors housing, should be given priority in the development approval process.

Recommendation 17: For municipalities where demolition or conversion of affordable housing has become an issue and as long as the vacancy rate remains below two percent, the properties' owners should be required to give at least six months notice of termination and be required to secure equivalent accommodation or provide commensurate financial compensation to offset higher rents as well as other (including social) costs for tenants who are to be displaced.

Recommendation 18: Where within the financial resources of a municipality, staff should be assigned to work on housing issues. This might be confined to a policy and research role but might also include an information/communications role and assistance to special interest groups.

Recommendation 19: In co-operation with other municipalities through the aegis of the Regional District, or on an individual basis if necessary, develop and communicate positions on major housing issues and responses to new or changed housing programs of the senior governments.

Commentary

The most effective measures municipalities can undertake in impacting on affordability are in the regulatory field. These measures lie within, for the most part, the jurisdiction of the municipalities. Direct intervention - that is those involving capital spending on ongoing operating subsidies - should be the primary domain of

the senior governments. The magnitude of funds to respond to the level of affordability problems in the community are beyond local government. The exception is assistance through land provision for social housing.

The consultants have chosen to stress the need to legalize and encourage secondary suites, for the following reasons:

- Secondary suites provide an important source of relatively affordable accommodation. A recent study shows average rents in the District of North Vancouver were more than $100 per month below CMHC average rents (see Section 2.3.9).

- At a time of a severe affordability problem, it is a contradiction to hold such a common housing form as illegal and, as has been the case in some municipalities, to close them down.

- "New" secondary suites either in older or newly built single-family homes can be relatively inexpensive to create (relative to new apartment blocks, that is).

- The location of these suites in single-family neighbourhoods reflects, in part, the demand for such accommodation by low-income service workers with employment in those areas.

- Some 45 percent of renter households in 1986 were one-person households, a major group who, with the exception of the elderly, are least likely to receive the benefits of other housing programs.

- The illegality of secondary suites provides an environment of insecurity for tenants.

- It is unlikely that senior government will be responsive to municipal governments' "requests" for social housing or other initiatives requiring significant funds, if the municipalities are unwilling to take initiatives themselves which will significantly ameliorate the situation.

Municipalities can play a valuable role as a supplier of land for social housing - a number have been active in this role for many years. Obtaining suitable land is one of the most difficult initiatives for a non-profit corporation or co-operative to undertake, and they are consequently often dependent upon "turn keys", which may not be in the most appropriate location.

To assist in this role, the legacy funds concept has been identified for further review.

6.10 RECOMMENDATIONS FOR THE PROVINCE

A number of recommendations are put forth for the Province to consider:

Recommendation 20: The Province should introduce a form of consumer protection for renters who are faced with rent increases which depart excessively from general market conditions. This policy should recognize that rents to be reviewed for a possible rolling back would be an exceptional event rather than the wholesale regulation of the market. The Province should, in devising this policy, widely consult with all appropriate groups including industry and tenants groups and municipal governments.

Recommendation 21: The Province should establish a grant or low-interest (or interest-free) loan program to homeowners to upgrade or create a secondary suite in single-family homes to stimulate the creation of these suites as an important source of affordable housing. In view of the controversy that could arise around such a program, the Province should also fund research into the potential impacts of secondary suites on neighbourhoods and ensure that the information is well communicated.

Recommendation 22: The Province should continue the current Rental Supply Program. In view of the escalating interest rates since the program's inception, serious consideration be given to increasing the mortgage write-down to ensure that developers will be able to make an immediate start on the construction of rental units rather than waiting for interest rates to come down.

Recommendation 23: Given the severity of the current situation in the Greater Vancouver Area, the Province should give serious consideration to funding additional social housing units unilaterally in the event additional funding is not forthcoming for the Federal Government.

Recommendation 24: The Province should work co-operatively with municipalities in which there are extensive Provincial Crown Land holdings to bring these land resources to market at the earliest possible date. Underutilized land holdings are located in Vancouver, Burnaby, New Westminster and, in particular, Coquitlam.

Recommendation 25: The Province should review the efficacy of its Municipal Incentive Grants program in consultation with the Regional District with a view to increasing the number of units which are eligible for a grant.

Recommendation 26: The Province should increase income assistance to low-income households through the shelter component of GAIN and/or SAFER at the earliest possible date in recognition of the great affordability problems being experienced by these groups.

Recommendation 27: The Province should commence a program of research and communication designed to provide resource material to all actors in the development

field. Resource material produced could include information on change and its underlying causes in the community and the impact of multiple/social housing on real estate values.

Commentary

The Province has played an important role in the Grater Vancouver Area rental market through its funding programs (social housing/rental housing production and rent supplement) and income policies (GAIN and SAFER). The Province also "enables" municipalities to regulate land use through the Municipal Act/Vancouver Charter and assists municipalities in undertaking their planning responsibilities. These funding and advisory roles will continue to be important. An enhanced role in undertaking policy research and/or preparing educational material should be pursued.

The thrust of the recommendations recognizes the Province's major continuing role through its funding. It is essential that the Province and municipalities adopt a closer, co-operative relationship. This relationship should recognize the Province's desire to see affordable housing in the region to support the dynamic role of the Greater Vancouver Area within the province, while at the same time responding to municipal concerns on the impact and costs of growth.

6.11 RECOMMENDATIONS FOR THE FEDERAL GOVERNMENT

The following are recommendations which the GVRD should consider communicating to the Federal Government:

Recommendation 28: The Federal Government should provide increased funding for social housing in B.C., particularly in the Greater Vancouver Area, in light of the surge in affordable rental housing requirements resulting from strong in-migration.

Recommendation 29: The Federal Government should recognize its role in countering the national deterioration in rental housing affordability during the past decade and expand its initiatives accordingly.

Recommendation 30: It is time for the Federal Government to revisit the merits of establishing a scheme of national shelter allowances targeted at low-income households spending an excessive proportion of their income to secure adequate housing.

Recommendation 31: The local branch office of CMHC should be encouraged to augment its data base information system to record data on rental housing stock losses and additions through all sources and release this information on an annual basis.

Recommendation 32: In consultation with the Regional District, CMHC should review its operating (subsidy) agreements with private market rental projects to determine the impacts the expiration of these agreements will have on existing tenants and the overall supply of affordable rental market units. Consideration should be given to negotiating a phased-out expiry for those projects where the termination of the agreement will have the gravest consequences.

Commentary

The Federal Government has traditionally played the lead role in funding housing programs in Canada. One of its roles has been to establish national standards and to attempt, through social housing, to deal with regional inequalities in housing need.

The consultants' study shows a deterioration in renter affordability at a time of progressive cutbacks in social housing production. The recent Federal budget also placed a ceiling on its contributions to British Columbia under the Canada Assistance Plan, through which GAIN is funded.

Municipal governments and the Province must seek to obtain a re-adjustment of Federal expenditure priorities to favour housing and income assistance increases. Ultimately, because of the resources available to it, the Federal Government plays a key role in offsetting affordability within the region.

The consultants have drawn attention to the expiry of various operating agreements between the Federal Government and private developers who built assisted rental housing under the National Housing Act. The consultants are unaware of the magnitude of those agreements, but recent examples of radical rent increases at the end of limited dividend agreements suggest the review recommended would be prudent.

6.12 RECOMMENDATIONS FOR THE PRIVATE SECTOR

Recommendation 33: The private sector should undertake to contribute to the GVRD's annual Regional Housing Statement and information system on land availability (Recommendations 2,3, and 4) by supplying its own data on rental starts, rental conversions (i.e., from strata rental) and rentals in condominiums.

Recommendation 34: The private sector, through associations such as the Vancouver Homebuilders' Association and Urban Development Institute (Pacific Region), should co-operate with a municipality to construct a pilot project of new single-family homes incorporating secondary suites as a demonstration feature.

Recommendation 35: The private sector, through its various associations and organizations, should establish a monitoring system for rental levels and discourage excessive rent increases by its members.

Commentary

Traditionally, the private sector response to government in the housing field have been to "reduce regulatory controls of all forms, and subsidize the individual, not the building".

The private sector can assist government of all levels in being more effective if it chooses to recognize its own collective corporate responsibility in the community. This corporate responsibility can be exercised in various ways:

- Information provision - government is often at a disadvantage with an inadequate data base - co-operating with the GVRD on its annual review would, therefore, be a tangible contribution to a better understanding of the market, and lead to more soundly based policies.

- Self-regulation - government will ultimately act to regulate expressly in the area of rents if landlords take excessive advantage of tight market conditions. Frequent examples of rent gouging will lead to community support of rent controls, irrespective of the longer-term implications.

- Leadership - the private sector, with its expertise and resources, is best placed to provide leadership in the area of affordable housing. The concept of demonstration housing incorporating secondary suites might legitimize such housing in the eyes of both the "community" and municipal government.

6.13 EVALUATION OF SPECIFIC TYPES OF ACTIONS

This section discusses a few municipal or provincial actions which we do not include in our recommendation, and our reasons for excluding them.

6.13.1 Rental Zoning

The zoning of multi-family lands exclusively for new rental housing has been suggested as a way for both increasing the supply of land available for rental housing, and for eliminating the competitive pressure for multi-family land from condominium developers, thereby reducing the price of this land.

We have rejected the idea of "rental zoning" since it has serious flaws. Firstly, it is unlikely to reduce land values for rental construction until the development and land-owning constituencies become completely convinced that municipalities have this zoning "etched in stone" and no land under any circumstance will be allowed to be taken out of this zoning for a higher intensity use, such as condominiums or office development. This is unlikely to occur for many years, if at all. Hence, the price of "rental land" would incorporate a premium for a potentially higher use.

Secondly, private developers, because of the fear of rent controls being reintroduced and the difficulties encountered in strata-titling a rental building at a future date, would be reluctant to build rental projects in an "exclusively" rental zoned area.

Thirdly - the concept of zoning by tenure introduces a major precedent in planning and controlling land use. If a rental tenure zone is legitimate, there appears no reason why a home ownership zone should not be legitimate. This, we believe, could lead to more discrimination against renters. Moreover, at the neighbourhood planning level, the least desirable land may be allocated to rental housing, if any is allocated at all, and community groups may seek to exclude rental housing on the basis of its lack of "suitability" for rental housing.

Fourth - the actual criteria to be used for discriminating on the basis of rental housing would likely prove extremely difficult to establish and defend when conventional planning evaluation criteria are brought into play (e.g., traffic generation, density, etc.).

In our opinion, a better approach to ensuring a continued supply of land for rental housing is to ensure a good supply of land zoned for **multiple** housing. Additionally, we believe that it is legitimate in large development projects to require a rental component as part of the negotiated package, as has been done in the City of Vancouver.

6.13.2 Rent Control, Rent Review and Consumer Protection

The current circumstances in the rental market in the Greater Vancouver Area have led to demands for the re-institution of rent control, or some form of rent review.

The consultants' terms of reference did not include an extended review of rent control nor of recommendations on the details of an appropriate policy. The consultants do believe that the introduction of a comprehensive system of rental controls for the Greater Vancouver Area would be counter productive to the development of rental housing in the future. The Ontario experience suggests that controls would deter needed future construction. As a housing policy tool, rent controls are crude and inequitable and would do little to reduce the affordability problem of all low-income households.

Instead, we have recommended that the Province should introduce a form of consumer protection for renters who are faced with rent increases which depart excessively from general market conditions (Recommendation 20).

6.13.3 Demolition Freeze

The study has identified the loss of rental accommodation through demolition as a major feature of the rental market of the 1986-1991 period. It is estimated that an

average of 1,100 units per year have been removed from the existing rental stock through demolition.

The strengths and weaknesses of a demolition freeze have been reviewed, and can be summarized as follows:

Strengths:

- Maintains housing stock, often older and affordable;
- Can direct development to vacant, unused sites;
- Provides "breathing space" to allow further policy development;
- Slows down or halts rapid change, often concentrated in particular neighbourhoods; and
- Is an intervention on behalf of lower-income households who generally bear the cost of demolition.

Weaknesses:

- No guarantee "saved" housing will remain affordable;
- May further inflate land prices by further reducing supply;
- May frustrate planning policies in place to increase density in certain locations;
- May deter construction of new housing and serve to inflate rents; and
- Discriminates against developers who have purchased to redevelop.

At this time, the consultants are of the opinion that a moratorium on demolitions on a widespread basis are not merited, for the following reasons:

- The major area of demolitions of apartments have been in the City of Vancouver. The City has enacted a series of alternative policies (through its amendments to RM-3 zone and rate of change considerations) that appear to be ameliorating the problem;

- Demolitions are, in the long-term, necessary if a city is to change and improve. The implication of controls over a long period are a very low density city and potentially poorer conditions;

- A constrained supply of new accommodation will not guarantee that housing, especially in desirable locations, remains affordable in the longer-term;

- The real estate market cycle appears to have peaked and demolitions are projected to decline; and

- If the municipalities adopt the policies to increase zoned land in response to regional targets, enhanced supply will, to some extent, diminish demolition pressures.

The consultants, therefore, recommend that municipalities monitor demolition trends. The preferred option to minimize impact are measures such as those implemented by the City of Vancouver, including additional notification and compensation to tenants, and significant demolition fees. Should these not be effective, demolition controls may need to be revisited.

APPENDIX A

BACKGROUND RENTAL STATISTICS FOR SUB-REGIONS AND SELECTED MUNICIPALITIES

MUNICIPAL COMPONENTS OF SUB-REGIONS

Sub-Regions	Municipalities
Vancouver	City of Vancouver
Burnaby/New Westminster	Burnaby New Westminster
North Shore	City of North Vancouver District of North Vancouver West Vancouver
Richmond	Richmond
North East Sector	District of Coquitlam Port Coquitlam Port Moody
South of Fraser	Delta Surrey White Rock
Langleys	City of Langley District of Langley
Pitt Meadows/Maple Ridge	Pitt Meadows Maple Ridge

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TABLE A-1

VACANCY RATES IN RENTAL APARTMENTS AND ROW UNITS FOR SELECTED MUNICIPALITIES, OCTOBER GREATER VANCOUVER AREA

Selected Sub-Regions and Municipalities	Rental Apartments*				Rental Row Units*			
	1986	1987	1988	1989	1986	1987	1988	1989
	Percent							
Vancouver	1.0	1.2	0.5	0.3	0.2	0.0	0.8	4.5
Burnaby	0.7	0.6	0.5	0.6	1.9	0.3	0.2	0.4
New Westminster	0.5	1.5	0.6	0.4	n.a	n.a	n.a	n.a
North Vancouver (City)	0.4	0.5	0.2	0.1	0.0	0.0	0.0	0.0
North Vancouver (District)	0.5	0.5	1.5	0.5	0.0	0.0	0.0	0.0
West Vancouver	0.2	0.2	0.1	1.3	n.a	n.a	n.a	n.a
Richmond	1.3	1.6	0.3	0.1	0.5	2.0	1.0	0.2
North East Sector	1.1	1.0	0.4	1.1	1.1	4.4	0.4	0.6
Delta	0.4	0.6	0.4	0.2	n.a	n.a	n.a	n.a
Surrey	1.9	1.6	0.2	0.5	0.9	1.7	0.2	0.1
White Rock	0.6	0.8	0.3	3.9	n.a	n.a	n.a	n.a
Langleys	1.7	0.6	0.2	0.0	1.3	0.4	0.0	0.0
Pitt Meadows/Maple Ridge	2.3	1.0	0.3	0.5	3.8	3.1	0.0	**
Greater Vancouver Area	0.9	1.1	0.4	0.4	1.0	1.7	0.3	0.6

* Vacancy rates in privately-owned rental row units and rental apartment structures of six or more units.
** Values derived from less than three structures.

Source: CMHC.

TABLE A-3

PRIVATELY-OWNED RENTAL STARTS FOR SUB-REGIONS AND SELECTED MUNICIPALITIES IN THE GREATER VANCOUVER AREA, 1986-1989

	Year				1986 - 1989 Period		
	1986	1987	1988	1989	Apt.	Row	Total
	Units						
Sub-Regions							
Vancouver	88	463	253	230	1,034	0	1,034
Burnaby/New Westminster	0	0	0	0	0	0	0
North Shore	0	0	0	0	0	0	0
Richmond	1	6	0	103	110	0	110
North East Sector	0	0	0	0	0	0	0
South of Fraser	37	184	201	68	490	0	490
Langleys	24	28	0	61	85	28	113
Pitt Meadows/Maple Ridge	0	0	0	36	0	36	36
Selected Municipalities							
Burnaby	0	0	0	0	0	0	0
Coquitlam	0	0	0	0	0	0	0
Delta	0	0	100	68	168	0	168
Langley (City)	24	28	0	61	85	28	113
Langley (District)	0	0	0	0	0	0	0
Maple Ridge	0	0	0	36	0	36	36
New Westminster	0	0	0	0	0	0	0
North Vancouver (City)	0	0	0	0	0	0	0
North Vancouver (District)	0	0	0	0	0	0	0
Pitt Meadows	0	0	0	0	0	0	0
Port Coquitlam	0	0	0	0	0	0	0
Port Moody	0	0	0	0	0	0	0
Richmond	1	6	0	103	110	0	110
Surrey	34	184	101	0	319	0	319
Vancouver	88	463	253	230	1,034	0	1,034
West Vancouver	0	0	0	0	0	0	0
White Rock	3	0	0	0	3	0	3
Greater Vancouver Area	150	681	454	498	1,719	64	1,783

	Year				1986 - 1989 Period		
	1986	1987	1988	1989	Apt.	Row	Total
	Horizontal Percent Distribution						
Sub-Regions							
Vancouver	9	45	24	22	100	0	100
Burnaby/New Westminster	0	0	0	0	0	0	0
North Shore	0	0	0	0	0	0	0
Richmond	1	5	0	94	100	0	100
North East Sector	0	0	0	0	0	0	0
South of Fraser	8	38	41	14	100	0	100
Langleys	21	25	0	54	75	25	100
Pitt Meadows/Maple Ridge	0	0	0	100	0	100	100
Selected Municipalities							
Burnaby	0	0	0	0	0	0	0
Coquitlam	0	0	0	0	0	0	0
Delta	0	0	60	40	100	0	100
Langley (City)	21	25	0	54	75	25	100
Langley (District)	0	0	0	0	0	0	0
Maple Ridge	0	0	0	100	0	100	100
New Westminster	0	0	0	0	0	0	0
North Vancouver (City)	0	0	0	0	0	0	0
North Vancouver (District)	0	0	0	0	0	0	0
Pitt Meadows	0	0	0	0	0	0	0
Port Coquitlam	0	0	0	0	0	0	0
Port Moody	0	0	0	0	0	0	0
Richmond	1	5	0	94	100	0	100
Surrey	11	58	32	0	100	0	100
Vancouver	9	45	24	22	100	0	100
West Vancouver	0	0	0	0	0	0	0
White Rock	100	0	0	0	100	0	100
Greater Vancouver Area	8	38	25	28	96	4	100

	Vertical Percent Distribution						
Sub-Regions							
Vancouver	59	68	56	46	60	0	58
Burnaby/New Westminster	0	0	0	0	0	0	0
North Shore	0	0	0	0	0	0	0
Richmond	1	1	0	21	6	0	6
North East Sector	0	0	0	0	0	0	0
South of Fraser	25	27	44	14	29	0	27
Langleys	16	4	0	12	5	44	6
Pitt Meadows/Maple Ridge	0	0	0	7	0	56	2
Selected Municipalities							
Burnaby	0	0	0	0	0	0	0
Coquitlam	0	0	0	0	0	0	0
Delta	0	0	22	14	10	0	9
Langley (City)	16	4	0	12	5	44	6
Langley (District)	0	0	0	0	0	0	0
Maple Ridge	0	0	0	7	0	56	2
New Westminster	0	0	0	0	0	0	0
North Vancouver (City)	0	0	0	0	0	0	0
North Vancouver (District)	0	0	0	0	0	0	0
Pitt Meadows	0	0	0	0	0	0	0
Port Coquitlam	0	0	0	0	0	0	0
Port Moody	0	0	0	0	0	0	0
Richmond	1	1	0	21	6	0	6
Surrey	23	27	22	0	19	0	18
Vancouver	59	68	56	46	60	0	58
West Vancouver	0	0	0	0	0	0	0
White Rock	2	0	0	0	0	0	0
Greater Vancouver Area	100	100	100	100	100	100	100

Source: CMHC.

TABLE A-5

CONDOMINIUM STARTS FOR SUB-REGIONS AND SELECTED MUNICIPALITIES IN THE GREATER VANCOUVER AREA, 1986-1989

	Year				1986 - 1989 Period		
	1986	1987	1988	1989	Apt.	Row	Total
	Units						
Sub-Regions							
Vancouver	1,238	1,513	1,628	1,912	5,842	449	6,291
Burnaby/New Westminster	568	1,077	595	1,836	3,638	438	4,076
North Shore	385	452	497	463	1,080	717	1,797
Richmond	669	670	972	1,618	2,175	1,754	3,929
North East Sector	247	477	424	771	918	1,001	1,919
South of Fraser	825	966	1,161	1,393	2,581	1,764	4,345
Langleys	169	169	528	696	953	609	1,562
Pitt Meadows/Maple Ridge	101	444	136	402	509	574	1,083
Selected Municipalities							
Burnaby	305	727	324	884	1,858	382	2,240
Coquitlam	211	287	273	585	816	540	1,356
Delta	34	244	202	82	429	133	562
Langley (City)	59	125	322	306	683	129	812
Langley (District)	110	44	206	390	270	480	750
Maple Ridge	101	409	98	320	509	419	928
New Westminster	263	350	271	952	1,780	56	1,836
North Vancouver (City)	189	244	68	299	456	344	800
North Vancouver (District)	117	71	310	99	328	269	597
Pitt Meadows	0	35	38	82	0	155	155
Port Coquitlam	26	177	151	143	79	418	497
Port Moody	10	13	0	43	23	43	66
Richmond	669	670	972	1,618	2,175	1,754	3,929
Surrey	611	573	688	1,171	1,418	1,625	3,043
Vancouver	1,238	1,513	1,628	1,912	5,842	449	6,291
West Vancouver	79	137	119	65	296	104	400
White Rock	180	149	271	140	734	6	740
Greater Vancouver Area	4,202	5,768	5,941	9,091	17,696	7,306	25,002

	Year				1986 - 1989 Period		
	1986	1987	1988	1989	Apt.	Row	Total
	Horizontal Percent Distribution						
Sub-Regions							
Vancouver	20	24	26	30	93	7	100
Burnaby/New Westminster	14	26	15	45	89	11	100
North Shore	21	25	28	26	60	40	100
Richmond	17	17	25	41	55	45	100
North East Sector	13	25	22	40	48	52	100
South of Fraser	19	22	27	32	59	41	100
Langleys	11	11	34	45	61	39	100
Pitt Meadows/Maple Ridge	9	41	13	37	47	53	100
Selected Municipalities							
Burnaby	14	32	14	39	83	17	100
Coquitlam	16	21	20	43	60	40	100
Delta	6	43	36	15	76	24	100
Langley (City)	7	15	40	38	84	16	100
Langley (District)	15	6	27	52	36	64	100
Maple Ridge	11	44	11	34	55	45	100
New Westminster	14	19	15	52	97	3	100
North Vancouver (City)	24	31	9	37	57	43	100
North Vancouver (District)	20	12	52	17	55	45	100
Pitt Meadows	0	23	25	53	0	100	100
Port Coquitlam	5	36	30	29	16	84	100
Port Moody	15	20	0	65	35	65	100
Richmond	17	17	25	41	55	45	100
Surrey	20	19	23	38	47	53	100
Vancouver	20	24	26	30	93	7	100
West Vancouver	20	34	30	16	74	26	100
White Rock	24	20	37	19	99	1	100
Greater Vancouver Area	17	23	24	38	71	29	100

	Vertical Percent Distribution						
Sub-Regions							
Vancouver	29	26	27	21	33	6	25
Burnaby/New Westminster	14	19	10	20	21	6	16
North Shore	9	8	8	5	6	10	7
Richmond	16	12	16	18	12	24	16
North East Sector	6	8	7	8	5	14	8
South of Fraser	20	17	20	15	15	24	17
Langleys	4	3	9	8	5	8	6
Pitt Meadows/Maple Ridge	2	8	2	4	3	8	4
Selected Municipalities							
Burnaby	7	13	5	10	10	5	9
Coquitlam	5	5	5	6	5	7	5
Delta	1	4	3	1	2	2	2
Langley (City)	1	2	5	3	4	2	3
Langley (District)	3	1	3	4	2	7	3
Maple Ridge	2	7	2	4	3	6	4
New Westminster	6	6	5	10	10	1	7
North Vancouver (City)	4	4	1	3	3	5	3
North Vancouver (District)	3	1	5	1	2	4	2
Pitt Meadows	0	1	1	1	0	2	1
Port Coquitlam	1	3	3	2	0	6	2
Port Moody	0	0	0	0	0	1	0
Richmond	16	12	16	18	12	24	16
Surrey	15	10	12	13	8	22	12
Vancouver	29	26	27	21	33	6	25
West Vancouver	2	2	2	1	2	1	2
White Rock	4	3	5	2	4	0	3
Greater Vancouver Area	100	100	100	100	100	100	100

Source: CMHC.

TABLE A-6 (CONTINUED)

TOTAL RENTER HOUSEHOLDS BY TYPE FOR SUB-REGIONS AND SELECTED MUNICIPALITIES GREATER VANCOUVER AREA, 1986

	Household Type						
	Non-Family		Husband-Wife				
	One Person	Two or More Persons	Without Children	With Children	Lone-Parent	Multiple Family	Total
	Horizontal Percent Distribution						
Sub-Regions							
Vancouver	53	12	16	10	8	1	100
Burnaby/New Westminster	45	10	23	13	9	0	100
North Shore	41	10	22	16	11	0	100
Richmond	29	9	24	24	12	1	100
North East Sector	32	9	19	25	16	1	100
South of Fraser	30	8	20	26	16	1	100
Langleys	30	7	19	29	14	1	100
Pitt Meadows/Maple Ridge	34	6	21	23	15	1	100
Selected Municipalities							
Burnaby	40	11	24	15	10	1	100
Coquitlam	36	9	20	21	13	1	100
Delta	28	6	21	30	15	1	100
Langley (City)	41	7	19	19	14	0	100
Langley (District)	20	7	19	39	15	1	100
Maple Ridge	36	7	20	22	15	0	100
New Westminster	54	9	20	8	9	0	100
North Vancouver (City)	45	11	21	12	11	0	100
North Vancouver (District)	26	9	22	28	14	1	100
Pitt Meadows	24	5	25	27	19	1	100
Port Coquitlam	26	7	17	30	19	1	100
Port Moody	21	7	15	35	22	1	100
Richmond	29	9	24	24	12	1	100
Surrey	27	8	20	27	17	1	100
Vancouver	53	12	16	10	8	1	100
West Vancouver	50	6	26	12	6	0	100
White Rock	52	7	24	10	8	0	100
Greater Vancouver Area	45	10	19	15	10	1	100
	Vertical Percent Distribution						
Sub-Regions							
Vancouver	56	53	40	32	36	47	47
Burnaby/New Westminster	18	18	21	15	17	14	18
North Shore	8	8	10	9	9	4	8
Richmond	4	5	7	9	6	9	6
North East Sector	4	4	5	8	8	5	5
South of Fraser	8	9	13	20	18	18	12
Langleys	2	2	3	5	4	3	3
Pitt Meadows/Maple Ridge	1	1	2	3	3	1	2
Selected Municipalities							
Burnaby	11	13	15	12	12	11	12
Coquitlam	3	3	4	5	5	3	3
Delta	1	1	2	4	3	3	2
Langley (City)	1	1	1	2	2	1	1
Langley (District)	1	1	1	3	2	2	1
Maple Ridge	1	1	1	2	2	1	1
New Westminster	7	5	6	3	5	3	5
North Vancouver (City)	5	5	5	4	5	1	5
North Vancouver (District)	1	2	2	4	3	2	2
Pitt Meadows	0	0	0	1	1	0	0
Port Coquitlam	1	1	1	2	2	1	1
Port Moody	0	1	1	2	2	1	1
Richmond	4	5	7	9	6	9	6
Surrey	5	7	9	15	15	14	9
Vancouver	56	53	40	32	36	47	47
West Vancouver	2	1	2	1	1	1	2
White Rock	1	1	1	1	1	1	1
Greater Vancouver Area	100	100	100	100	100	100	100

Source: 1986 Census of Canada

TABLE A-7 (CONTINUED)

RENTER HOUSEHOLDS BY AGE OF HOUSEHOLD HEAD FOR SUB-REGIONS AND SELECTED MUNICIPALITIES GREATER VANCOUVER AREA, 1986

	Age of Household Head							
	Less than 25	25-34	35-44	45-54	55-64	65-74	75 and over	Total
	Horizontal Percent Distribution							
Sub-Regions								
Vancouver	11	34	19	10	10	9	8	100
Burnaby/New Westminster	14	33	17	10	10	11	6	100
North Shore	11	32	20	10	9	8	9	100
Richmond	10	36	21	11	8	8	5	100
North East Sector	18	35	18	12	7	6	4	100
South of Fraser	12	34	19	11	8	9	8	100
Langleys	14	33	20	10	5	10	8	100
Pitt Meadows/Maple Ridge	13	38	19	11	7	8	5	100
Selected Municipalities								
Burnaby	13	35	18	10	10	10	4	100
Coquitlam	19	35	17	11	7	6	4	100
Delta	11	30	22	12	7	9	9	100
Langley (City)	14	26	17	10	6	15	12	100
Langley (District)	13	41	23	10	3	5	4	100
Maple Ridge	15	40	17	11	6	6	5	100
New Westminster	15	29	17	9	9	11	9	100
North Vancouver (City)	15	33	18	10	9	8	7	100
North Vancouver (District)	7	38	25	11	10	4	5	100
Pitt Meadows	7	28	24	9	12	14	4	100
Port Coquitlam	16	36	22	9	8	5	4	100
Port Moody	14	36	20	16	5	5	4	100
Richmond	10	36	21	11	8	8	5	100
Surrey	13	36	19	11	8	8	5	100
Vancouver	11	34	19	10	10	9	8	100
West Vancouver	2	23	21	12	11	13	19	100
White Rock	7	24	12	7	7	17	24	100
Greater Vancouver Area	12	34	19	10	9	9	7	100
	Vertical Percent Distribution							
Sub-Regions								
Vancouver	42	47	48	46	51	46	52	47
Burnaby/New Westminster	21	17	16	17	18	21	14	18
North Shore	8	8	9	9	9	8	10	8
Richmond	5	6	6	6	5	5	4	6
North East Sector	8	5	5	6	4	4	3	5
South of Fraser	12	12	12	12	10	12	13	12
Langleys	3	3	3	3	1	3	3	3
Pitt Meadows/Maple Ridge	2	2	1	2	1	1	1	2
Selected Municipalities								
Burnaby	14	13	11	12	13	14	6	12
Coquitlam	6	4	3	4	3	3	2	3
Delta	2	2	2	2	2	2	2	2
Langley (City)	2	1	1	1	1	2	2	1
Langley (District)	1	2	2	1	0	1	1	1
Maple Ridge	2	1	1	1	1	1	1	1
New Westminster	7	5	5	5	6	7	7	6
North Vancouver (City)	6	5	5	5	5	4	4	5
North Vancouver (District)	1	2	3	2	2	1	2	2
Pitt Meadows	0	0	0	0	0	1	0	0
Port Coquitlam	1	1	1	1	1	1	0	1
Port Moody	1	1	1	1	0	0	0	1
Richmond	5	6	6	6	5	5	4	6
Surrey	10	9	9	9	8	8	6	9
Vancouver	42	47	48	46	51	46	52	47
West Vancouver	0	1	2	2	2	2	4	2
White Rock	1	1	1	1	1	2	4	1
Greater Vancouver Area	100	100	100	100	100	100	100	100

Source: 1986 Census of Canada

TABLE A-9

STOCK OF OCCUPIED RENTAL HOUSING BY TYPE OF UNIT FOR SUB-REGIONS AND SELECTED MUNICIPALITIES GREATER VANCOUVER AREA, 1986

	Type of Unit							
	Apartments							
	Less than 5 Stories	5 or More Stories	Single Detached	Duplex	Row	Semi-Detached	All Other*	Total
				Units				
Sub-Regions								
Vancouver	55,035	26,725	11,030	9,155	3,680	1,215	385	107,225
Burnaby/New Westminster	20,830	10,080	4,695	1,860	1,770	1,420	150	40,805
North Shore	8,695	4,770	2,955	1,300	1,265	360	55	19,400
Richmond	6,655	785	2,595	375	1,445	765	70	12,690
North East Sector	6,375	595	2,195	450	1,745	605	65	12,030
South of Fraser	11,100	1,390	8,505	1,375	2,855	1,340	680	27,245
Langleys	2,535	5	2,345	100	875	225	135	6,220
Pitt Meadows/Maple Ridge	1,405	300	1,380	85	575	180	45	3,970
Selected Municipalities								
Burnaby	13,280	6,925	3,670	1,450	1,500	1,320	80	28,225
Coquitlam	4,655	525	1,385	275	830	300	40	8,010
Delta	1,850	70	1,765	250	320	270	30	4,555
Langley (City)	2,170	5	360	30	345	115	5	3,030
Langley (District)	365	0	1,985	70	530	110	130	3,190
Maple Ridge	1,155	300	1,195	75	365	145	35	3,270
New Westminster	7,550	3,155	1,025	410	270	100	70	12,580
North Vancouver (City)	6,890	1,830	790	590	580	245	30	10,955
North Vancouver (District)	1,295	835	1,370	555	665	50	15	4,785
Pitt Meadows	250	0	185	10	210	35	10	700
Port Coquitlam	895	0	615	125	255	240	15	2,145
Port Moody	825	70	195	50	660	65	10	1,875
Richmond	6,655	785	2,595	375	1,445	765	70	12,690
Surrey	7,810	1,050	5,990	955	2,500	1,025	640	19,970
Vancouver	55,035	26,725	11,030	9,155	3,680	1,215	385	107,225
West Vancouver	510	2,105	795	155	20	65	10	3,660
White Rock	1,440	270	750	170	35	45	10	2,720
Greater Vancouver Area	112,630	44,650	35,700	14,700	14,210	6,110	1,585	229,585

* Includes units attached to non-rented structures and moveable units.

Source: 1986 Census of Canada.

TABLE A-10

AVERAGE HOUSEHOLD INCOME BY TENURE CANADA, BRITISH COLUMBIA AND GREATER VANCOUVER AREA

	Renters	Home Owners	All Households
		Dollars	
Census of Canada			
1980			
Greater Vancouver Area	18,665	34,092	27,688
B.C.	18,309	30,525	26,171
Canada	17,603	28,647	24,460
1985			
Greater Vancouver Area	24,273	45,203	36,086
B.C.	23,470	40,171	33,497
Canada	24,020	41,233	34,261
HIFE			
B.C.			
1979	16,545	26,934	23,452
1981	21,229	32,916	28,759
1982	22,886	35,655	31,246
1984	22,523	36,268	31,578
1985	23,529	39,185	33,805
1985 *	23,440	39,230	33,758
1986	25,526	40,262	35,254
1986 *	25,352	40,255	35,012
1987	26,954	42,968	37,036
1988	27,462	45,348	39,119
Canada			
1979	16,584	24,991	21,993
1981	20,625	31,434	27,471
1982	21,723	34,626	29,854
1984	23,395	37,106	31,992
1985	24,036	39,792	33,900
1985 *	24,396	40,399	34,494
1986	25,160	42,038	35,673
1986 *	25,545	42,816	36,387
1987	26,422	45,506	38,536
1988	28,328	47,858	40,684

* Revised.

Source: 1981 and 1986 Census of Canada and Statistics Canada.

TABLE A-12

PROPORTION OF RENTER HOUSEHOLDS WITH GROSS RENT TO INCOME RATIOS OF 30 PERCENT OR MORE BY AGE OF HOUSEHOLD HEAD SELECTED URBAN CENTRES, B.C. AND CANADA*

Selected Centres	Age of Household Head				
	Under 35	35–54	55–64	65 and Over	Total
	Percentage of All Renter Households In Age Group, 1981				
Vancouver	35	31	35	48	36
Victoria	35	34	37	50	39
Calgary	38	34	40	47	38
Edmonton	35	31	37	44	35
Winnipeg	32	26	31	37	32
Toronto	28	23	25	34	27
Ottawa–Hull	28	23	25	29	27
Montreal	25	23	28	42	28
B.C.	33	30	36	47	35
Canada	29	25	30	38	29
	Percentage of All Renter Households In Age Group, 1986				
Vancouver	42	41	45	56	45
Victoria	46	43	44	56	48
Calgary	34	35	39	43	36
Edmonton	36	35	40	41	37
Winnipeg	40	33	35	43	39
Toronto	30	26	28	42	31
Ottawa–Hull	32	26	27	39	31
Montreal	33	31	35	49	36
B.C.	42	40	44	55	44
Canada	34	31	35	44	36

* Annualized rent at the time of the Census as a percent of income in the preceding calendar year. Excludes households with negative or no income. Gross rent includes cash rent paid plus utilities paid by tenants.

Source: 1981 and 1986 Census of Canada.

TABLE A-13 (CONTINUED)

RENTER HOUSEHOLDS BY GROSS RENT TO INCOME RATIO* FOR SUB-REGIONS AND SELECTED MUNICIPALITIES GREATER VANCOUVER AREA, 1986

	Gross Rent/Income						
	Less than 25%	25%-29.9%	30%-34.9%	35%-49.9%	50% and Over	Total	Sub-Total 30% and Over
	Horizontal Percent Distribution						
Sub-Regions							
Vancouver	42	12	9	15	22	100	46
Burnaby/New Westminster	47	11	10	14	19	100	43
North Shore	47	12	9	13	20	100	42
Richmond	50	13	9	13	15	100	37
North East Sector	47	11	7	15	20	100	42
South of Fraser	41	11	9	15	24	100	48
Langleys	42	10	8	15	25	100	49
Pitt Meadows/Maple Ridge	39	14	9	16	22	100	47
Selected Municipalities							
Burnaby	48	12	10	13	17	100	40
Coquitlam	47	12	6	14	20	100	41
Delta	47	9	8	15	21	100	44
Langley (City)	37	12	9	16	27	100	51
Langley (District)	46	7	8	15	23	100	46
Maple Ridge	38	13	9	16	24	100	49
New Westminster	43	9	9	15	24	100	48
North Vancouver (City)	45	11	8	14	22	100	44
North Vancouver (District)	51	11	11	12	15	100	38
Pitt Meadows	43	18	9	17	13	100	39
Port Coquitlam	45	10	6	18	21	100	45
Port Moody	49	10	8	13	20	100	41
Richmond	50	13	9	13	15	100	37
Surrey	40	11	9	15	24	100	49
Vancouver	42	12	9	15	22	100	46
West Vancouver	45	15	8	14	19	100	40
White Rock	34	13	10	17	26	100	53
Greater Vancouver Area	44	12	9	15	21	100	45
	Vertical Percent Distribution						
Sub-Regions							
Vancouver	45	48	47	48	48	47	48
Burnaby/New Westminster	19	17	19	17	16	18	17
North Shore	9	9	8	8	8	8	8
Richmond	6	6	6	5	4	6	5
North East Sector	6	5	4	5	5	5	5
South of Fraser	11	11	12	12	13	12	13
Langleys	3	2	3	3	3	3	3
Pitt Meadows/Maple Ridge	2	2	2	2	2	2	2
Selected Municipalities							
Burnaby	14	12	14	11	10	12	11
Coquitlam	4	4	2	3	3	3	3
Delta	2	2	2	2	2	2	2
Langley (City)	1	1	1	1	2	1	2
Langley (District)	1	1	1	1	2	1	1
Maple Ridge	1	2	1	2	2	1	2
New Westminster	5	4	5	6	6	5	6
North Vancouver (City)	5	5	4	5	5	5	5
North Vancouver (District)	2	2	2	2	1	2	2
Pitt Meadows	0	0	0	0	0	0	0
Port Coquitlam	1	1	1	1	1	1	1
Port Moody	1	1	1	1	1	1	1
Richmond	6	6	6	5	4	6	5
Surrey	8	8	9	9	10	9	9
Vancouver	45	48	47	48	48	47	48
West Vancouver	2	2	1	2	1	2	1
White Rock	1	1	1	1	1	1	1
Greater Vancouver Area	100	100	100	100	100	100	100

* Annualized rent at the time of the Census as a percent of income in the preceding calendar year. Excludes households with negative or no income. Gross rent includes cash rent paid plus utilities paid by tenants.

Source: 1986 Census of Canada.

APPENDIX B

RENTAL HOUSING REQUIREMENTS IN THE GREATER VANCOUVER AREA

APPENDIX B

RENTAL HOUSING REQUIREMENTS IN THE GREATER VANCOUVER AREA

This appendix presents projections of new rental housing requirements in the Greater Vancouver Area over the 1986-2001 period and a discussion of the underlying assumptions.

B.1 CENSUS DATA

These projections are based on Census of Canada data. Because Census data are as of the beginning of June, the data in this appendix, unless otherwise specified, relate to June 1 of the indicated years. References to periods (e.g. 1986-1991) refer to the period beginning June 1 of the initial year and ending June 1 of the second year.

The Greater Vancouver Area in this appendix is approximated by data for the Vancouver Census Metropolitan Area (CMA), as defined by Statistics Canada.

Special data tabulations from the 1976, 1981 and 1986 Census of Canada of households were used in preparing the projections in this report. The detailed data included cross-tabulations of households by age of household head (13 groups), household type (5 groups), tenure (owner versus renter) and dwelling type (3 groups). These historical data were required for the projections of households at the progressively greater levels of disaggregation discussed below.

B.2 PROJECTION METHODOLOGY

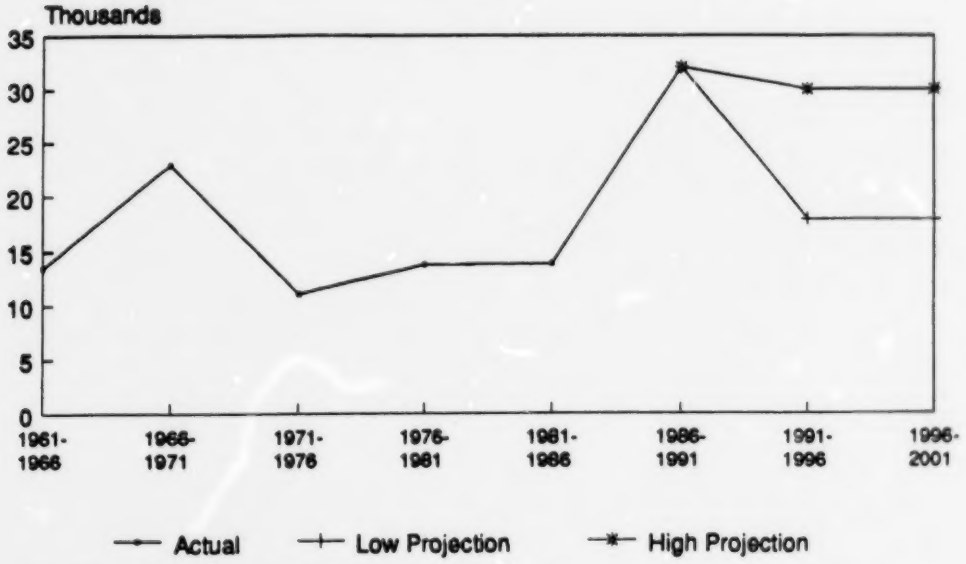
This section reviews the methodology used to derive the projections of requirements for rental housing in the Greater Vancouver Area in the 1991-1996 and 1996-2001 periods.

B.2.1 The Model Framework

The projections were produced using a model developed by Clayton Research Associates. The model is composed of a series of stages leading from a population projection to household projections at progressively greater levels of disaggregation. Renter household projections are formulated within the context of total (owner and renter) household growth. The stages in the model include:

- Derivation of Population Projections for 1991, 1996 and 2001 by age group;
- Estimation of Households by Age, Type of Household, Tenure and Dwelling Type, 1991;

EXHIBIT B-1
AVERAGE ANNUAL NET MIGRATION
GREATER VANCOUVER AREA, 1961-2001



Source: B.C. Central Statistics Bureau and projections by Clayton Research Associates.

EXHIBIT B-2

AVERAGE ANNUAL POPULATION GROWTH UNDER ALTERNATIVE SCENARIOS, 1976-2001 GREATER VANCOUVER AREA

Actual		
1976-1981	20,400	
1981-1986	22,500	
Estimated		
1986-1991	41,900	
Projected:		
	Average Annual Net Migration	
	18,000	30,000
1991-1996	27,200	40,000
1996-2001	25,100	39,200

Source: Census of Canada and estimates/projections by Clayton Research Associates.

EXHIBIT B–3

ESTIMATED SOURCES OF SUPPLY AND HOUSEHOLD GROWTH BY TENURE AND DWELLING TYPE, GREATER VANCOUVER AREA AVERAGE ANNUAL, 1986–1991

	Conventional Completions	Creation of Secondary Suites	Decline in Vacant Units	Condominium Conversions	Tenure Shifts to Rental	Total New Supply	Demolitions	Estimated Household Growth
Owner								
Single-detached	9,750	0	175	0	(1,850)	8,075	(1,575)	6,500
High-rise Apartment	1,450	0	5	600	(440)	1,615	0	1,615
All other	5,400	0	40	1,400	(1,430)	5,410	(25)	5,385
Total	16,600	0	220	2,000	(3,720)	15,100	(1,600)	13,500
Renter								
Single-detached	0	0	30	0	1,850	1,880	(700)	1,180
High-rise Apartment	450	0	40	(600)	440	330	(50)	280
All other	1,900	2,000	180	(1,400)	1,430	4,090	(350)	3,740
Total	2,350	2,000	230	(2,000)	3,720	6,300	(1,100)	5,200
Total								
Single-detached	9,750	0	205	0	0	9,955	(2,275)	7,680
High-rise Apartment	1,900	0	45	0	0	1,945	(50)	1,895
All other	7,300	2,000	200	0	0	9,500	(375)	9,125
Total	18,950	2,000	450	0	0	21,400	(2,700)	18,700

Source: Estimates by Clayton Research Associates based on information from Census of Canada, CMHC, Statistics Canada and City of Vancouver.

EXHIBIT B–4

AVERAGE ANNUAL TOTAL HOUSEHOLD GROWTH UNDER ALTERNATIVE SCENARIOS, 1976–2001 GREATER VANCOUVER AREA

Actual	
1976–1981	13,800
1981–1986	11,100
Estimated	
1986–1991	18,700

Projected:	Average Annual Net Migration	
	18,000	30,000
1991–1996		
Constant 1991 Headship Rates	13,200	17,400
Increasing Overall Headship Rates	14,100	18,300
1996–2001		
Constant 1991 Headship Rates	11,800	16,900
Increasing Overall Headship Rates	13,000	18,200

Source: Census of Canada and estimates/projections by Clayton Research Associates.

B.2.5 Projection of Households by Age Group and Type of Household

This stage of the model projects households by detailed household type - non-family, husband-wife families with children, couples without children, lone-parent and multi-family households. Projections of non-family and total family households were produced as part of the previous stage of the model; this stage disaggregates these total family households into the various family types. The disaggregation is important as different types of households will have different propensities to occupy ownership versus rental units, as outlined in the next stage.

In general, it was assumed that trends experienced since 1976 continue over the 1986-2001 period (e.g. declines in the proportion of family households comprised of husband-wife with children and increases in lone-parent and childless couples), though at less pronounced rates than experienced in the past.

5.2.6 Projection of Households by Age Group, Household Type and Tenure

This stage of the model produces projections of households by age of head, household type and tenure.

There was a major shift in the Greater Vancouver Area to ownership tenure over the 1976-1981 period, more so than underlying trends would have predicted. The shift is explained by the booming housing market and households shifting to ownership as an investment. The result is that the 1981 ownership rates were probably somewhat "inflated".

In the 1981-1986 period, doubts among some households as to the merits of homeownership surfaced as house prices fell, the economy weakened and interest rates stayed relatively high for much of the period. At the same time, rents were relatively cheap and government programs were providing a lot of rental housing. Not surprisingly, ownership rates fell between 1981 and 1986.[2]

In the post 1986 period, the improved B.C. economy, combined with low levels of rental construction, suggest that a shift back towards ownership tenure has occurred. Therefore, some shift back towards 1981 propensities has been built into the model for 1991 in most age groups; in the older age groups, there has been continued gradual increase in ownership proportions and this trend is assumed to continue.

For the future, there are several factors which are expected to impact tenure preferences:

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[2] The shift to rental tenure in 1986 is slightly overstated, due to the inclusion in the 1986 Census data of private households of at least 5,000 rental units previously classified as rooming houses (and therefore previously excluded from the stock of private dwellings). See J. David Hulchanski "Rental Housing Trends in the City of Vancouver", UBC Centre for Human Settlements Research Bulletin, April, 1989.

Favouring Rental Tenure:

- Rising rents suggest that more new private rental construction may be forthcoming, as it becomes more financially viable.

Favouring Ownership:

- Rising rents will make ownership relatively more attractive.
- Important source of rental supply has been secondary suites - but this source will become less important as more dwellings already have a secondary suite.
- Expected lower interest rates and more moderate house price increases over the longer-term.

The overall impact of these factors is not easily ascertained, although they would seem to favour some increase in the attractiveness of homeownership.

Three scenarios are presented of future tenure in the projections for 1996 and 2001:

- Constant 1991 tenure propensities for each age and household type group;
- Moderate shifts to ownership in all age/household type groups, with larger shifts in older non-family and husband-wife without children age groups (as per recent trends); and
- Moderate shift to rental tenure in all age/household type groups.

The resulting household growth under each scenario (combined with the varying scenarios of net migration and household headship rates) is presented in Exhibit B-5.

5.2.7 Projection of Total Requirements for New Rental Housing, 1991-1996 and 1996-2001

Total requirements for new rental housing are determined by adding projections of changes in vacant units to the projections of household growth in Exhibit B-5. The projections assumed that there is some desire to return to a more normal vacancy rate of two percent in 1996, from an estimated 0.75 percent in 1991.

The projections of total requirements for new rental housing in the 1991-2001 period are presented in Exhibit B-6.

APPENDIX C

MATRIX OF POTENTIAL GVRD AND MUNICIPAL RENTAL HOUSING ACTIONS

EXHIBIT C-1

POTENTIAL REGIONAL ACTIONS

		SUPPLY			AFFORDABILITY				
		Add Non-Market Rental Housing	Add Market Affordable Rental Housing	Add Market Rental Housing	Prevent Loss of Affordable Rental Housing	Retain Affordable Rental Housing	Assist Low Income Households	Assist Special Needs Households	Comments
	DIRECT INTERVENTION ROLE								
DI-1	Maintain and expand the Region's Non-Profit	YES	YES	NO	POSSIBLY	YES	YES	YES	GVRHC has a portfolio of 3100 units. Limited new housing in recent years. Good vehicle for new supply.
DI-2	Lease or sell surplus land to non-market groups at leless than market price	YES	YES	NO	N/A	N/A	YES	POSSIBLY	Valuable role. Can make project viable.
DI-3	Lease or sell surplus houses or buildings to non-market groups at less than market price	YES	YES	NO	POSSIBLY	POSSIBLY	YES	POSSIBLY	Valuable role.
DI-4	Create 'land bank' program & acquire land for future housing	YES	YES	NO	N/A	N/A	YES	POSSIBLY	Valuable role. Demonstrates long term commitment.
	CO-ORDINATION ROLE								
C-1	Maintain and strengthen role of GVRD's Housing Committee	INDIRECTLY	→	→	→	→	→	→	Focuses political interest on housing issues and potential actions.
C-2	Request GVRD municipalities to maintain a 5 year supply of multi-family housing	YES	YES	YES	NO	NO	INDIRECTLY	INDIRECTLY	Convey's regional district's concern re: adequacy of long term land supply to accommodate growth.

		SUPPLY			AFFORDABILITY				
		Add Non-Market Rental Housing	Add Market Affordable Rental Housing	Add Market Rental Housing	Prevent Loss of Affordable Rental Housing	Retain Affordable Rental Housing	Assist Low Income Households	Assist Special Needs Households	Comments
E-2	Prepare and distribute an annual review of residential land availability within the region, including servicing status , projected capacity and other relevant information	INDIRECTLY	→	→	→	→	→	→	Provides valuable tool for planning analysis. Early warning system if land supply becomes constrained.
E-3	Convene annual meeting of GVRD municipalities to review targets, past year's production, new policy initiatives and emerging housing issues	INDIRECTLY	→	→	→	→	→	→	Focuses attention on housing issues. Encourages communication between diverse groups and interests. Promotes improved understanding of regional & sub-regional concerns.
	ADVOCACY ROLE								
A-1	Prepare annual statements to senior governments regarding regional housing issues/needs	INDIRECTLY	→	→	→	→	→	→	Focuses attention on GVRD's housing issues and concerns. Raises expectation that Province will provide a response.
A-2	Co-ordinate policy position on behalf of all GVRD municipalities about all or any of the following housing topics and present positions to senior governments. rent control rent review amendments to RTAct shelter allowances sr. govt housing programs	INDIRECTLY	→	→	→	→	→	→	Important regional role. Reinforces legitimate role of region to speak on behal of all constituent municipalities.

		SUPPLY			AFFORDABILITY				
		Add Non-Market Rental Housing	Add Market Affordable Rental Housing	Add Market Rental Housing	Prevent Loss of Affordable Rental Housing	Retain Affordable Rental Housing	Assist Low Income Households	Assist Special Needs Households	Comments
DI-7	Establish fund for reduced interest borrowing /grants for rehabilitation of rental housing	NO	NO	NO	YES	YES	POSSIBLY	POSSIBLY	Valuable role but could be very expensive for most municipalities. Would require additional borrowing.
DI-8	Hold referendum to get borrowing authority for building/rehabilitation of low rent housing	YES	YES	NO	YES	YES	YES	POSSIBLY	If approved, requires real commitment. Potentially expensive. Used in Seattle.
DI-9	Impose financial levy on each rental demolished - establish 'endowment' fund to create more non-market housing	YES	YES	NO	POSSIBLY	POSSIBLY	YES	YES	Good idea. Funds can also be used for land acquisition.
DI-10	Impose financial levy on major new commercial developments -- establish endowment' fund to create more non-market housing	YES	YES	NO	NO	NO	YES	YES	Used in Ontario. Expect resistance from commercial developers.
DI-11	Establish a fund to assist low income tenants to relocate when displaced through redevelopment	NO	NO	NO	NO	NO	YES	YES	Crisis periods may warrant.
DI-12	Purchase a apartment building or hotel to provide temporary shelter for displaced tenants	NO	NO	NO	NO	PROBABLY	YES	YES	Crisis periods may warrant. Lease preferable to purchase.

		SUPPLY			AFFORDABILITY				
		Add Non-Market Rental Housing	Add Market Affordable Rental Housing	Add Market Rental Housing	Prevent Loss of Affordable Rental Housing	Retain Affordable Rental Housing	Assist Low Income Households	Assist Special Needs Households	Comments
R-7	Permit conversion of large single family homes to multi-family use	NO	YES	YES	POSSIBLY	POSSIBLY	POSSIBLY	POSSIBLY	Good source of affordable rental in the past. Now limited new supply. Requires "soft" market.
R-8	Ensure sufficient supply of multi-family housing through pre-designation (or pre-zoning) of land	INDIRECTLY	INDIRECTLY	YES	NO	NO	INDIRECTLY	INDIRECTLY	Critical to ensure future supply. Land costs will escalate if not enough capacity.
R-9	Allow bonus floorspace for new housing developments with a negotiated or % [illegible] of non-market housing (e.g. 30%)	YES	YES	YES	NO	NO	YES	POSSIBLY	Useful for both non-market and market housing. Used in many municipalities for diverse public objectives.
R-10	Review zoning by-law to ensure all commercial zones also allow for residential uses	POSSIBLY	YES	YES	NO	NO	POSSIBLY	POSSIBLY	Previously acceptable & popular housing. More suitable to areas well served by transit
R-11	Review zoning by-law to determine if surplus industrial ands can be rezoned for housing	POSSIBLY	YES	YES	NO	NO	POSSIBLY	POSSIBLY	Potential large supply of new housing within region. Some environmental concerns.
R-12	Amend zoning by-law to establish rental zones	YES	YES	YES	NO	NO	YES	YES	May affect land values. Tenure discrimination a "double-edged" sword.
R-13	Amend zoning by-law to down-zone sites/areas with large supply of affordable multi-family buildings	NO	NO	NO	YES	PROBABLY	PROBABLY	POSSIBLY	Expect resistance from land owners. Gives tenants some 'comfort'. Maintenace may be a problem, however.

		SUPPLY			AFFORDABILITY				
		Add Non-Market Rental Housing	Add Market Affordable Rental Housing	Add Market Rental Housing	Prevent Loss of Affordable Rental Housing	Retain Affordable Rental Housing	Assist Low Income Households	Assist Special Needs Households	Comments
P-4	Establish annual 'targets' for new, multi-family housing	INDIRECTLY	→	→	→	→	→	→	Serves as a 'measurable' commitment to assuring an adequate supply of multi-family housing.
P-5	Establish annual 'targets' for new rental housing	INDIRECTLY	→	→	→	→	→	→	Serves as a 'measurable' commitment to producing or facilitating new rental housing.
P-6	Establishes annual targets for new social housing	INDIRECTLY	→	→	→	→	→	→	Serves as a 'measurable' commitment to producing or facilitating new social housing.
	EDUCATION ROLE								
E-1	Produce and effectively communicate an annual municipal statement about local housing issues/needs	INDIRECTLY	→	→	→	→	→	→	Relatively easy to undertake. Focuses attention. Useful when dealing with other municipalities or Province.
E-2	Produce and effectively distribute brochures concerning municipal housing policies and programs	INDIRECTLY	→	→	→	→	→	→	Relatively easy to undertake, although requires staff with both housing knowledge & communications skills. Particularly useful for community groups and potential sponsor groups.
E-3	Promote use of senior government funds for re-habilitation of rental housing and/or funds for creation and upgrading of secondary suites	INDIRECTLY	→	→	→	→	→	→	Reinforces benefits of senior gov't programs.

		SUPPLY			AFFORDABILITY				
		Add Non-Market Rental Housing	Add Market Affordable Rental Housing	Add Market Rental Housing	Prevent Loss of Affordable Rental Housing	Retain Affordable Rental Housing	Assist Low Income Households	Assist Special Needs Households	Comments
					ADVOCACY ROLE				
A-1	Prepare annual statements to senior governments regarding local housing issues/needs	INDIRECTLY	→	→	→	→	→	→	Focuses attention on housing issues. Presents concerns to Province.
A-2	Persuade Province to implement rent control	NO	NO	NO	POSSIBLY	YES	YES	YES	Focuses attention on affordability crisis. Raises expectations of a Provincial response. Very controversial.
A-3	Persuade Province to re-instate rent review	NO	NO	NO	POSSIBLY	YES	YES	YES	Focuses attention on affordability crisis. Raises expectations of a Provincial response. Very controversial.
A-4	Persuade Province for changes to the Residential Tenancy Act to ensure greater security of tenure	NO	NO	NO	POSSIBLY	POSSIBLY	YES	YES	Focuses attention on displacement issue. Raises expectations of a Provincial response.
A-5	Persuade Province to provide demand-side subsidies in various forms to households in need- income supplement and/or shelter allowances	NO	NO	NO	NO	NO	YES	YES	Focuses attention on income problems experienced by many tenants. Raises expectations of a Provincial response.
A-6	Persuade Province to increase and promote existing rental Supply Program (BCHMC)	NO	POSSIBLY	YES	NO	NO	NO	NO	Reinforces efficacy of Provincial program. (now on 3rd proposal call within 12 mo.)
A-7	Persuade Province to make changes to Municipal Incentive Grant program (BC Municipal Affairs)	INDIRECTLY	→	→	→	→	→	→	Communicates concerns re: existing program. Suggests changes that would make the program more viable.

APPENDIX D

CURRENT FEDERAL AND PROVINCIAL PROGRAMS AFFECTING THE RENTAL MARKET

EXHIBIT D-1

CURRENT GOVERNMENT PROGRAMS AFFECTING THE RENTAL MARKET

Program	Purpose	Description	Agency	Funding
DEMAND SIDE PROGRAMS				
GAIN (Guaranteed Available Income for Need)	To provide financial assistance to households in need	Major program providing income assistance, includes a 'shelter' allowance. Special assistance to disabled and seniors receiving OAP/GIS	Ministry of Social Services & Housing	50% Federal 50% Provincial
SAFER (Shelter Allowance for Elderly Residents)	To provide seniors in need with assistance in the payment of rent	Monthly payment of 75% of the amount by which actual rent exceeds 30% of monthly income	MSSH	100% Provincial
SUPPLY SIDE PROGRAMS				
Social Housing	To produce more rental housing for families seniors, the disabled and special groups in housing need	Provides capital and operating subsidies for non-profit sponsor groups building new rental housing	BC Housing Management Commission	67% Fedral 33% Provincial
Rental Supply	To increase the rental housing stock in areas with a low vacancy rate	To reduce the mortgage cost on a new rental project by the difference between market rates and 8% for up to five years.	BCHMC	100% Provincial
Rent Supplement Private Market	To assist needy families senior citizens, older singles and disabled persons with their housing costs	Rental agreements with landlords. Subsidy to cover the difference between 30% of tenants income and agreed (market) rents. Tenants selected from BCHMC waiting list.	BCHMC	67% Federal 33% Provincial
Rent Supplement Co-op Program	To assist households in need with their housing costs	30% of new co-op units will be for tenants requiring rent supplement. Subsidy to cover 30% of tenants income and rental charge. 50% of tenants selected by co-op sponsor group; 50% selected from BCHMC wait list.	BCHMC	67% Federal 33% Provincial

Program	Purpose	Description	Agency	Funding
Co-operative Housing	To encourage the production of cost-effective co-operative housing	Up to 100% of capital costs through index linked mortgage loans	CMHC	100% Federal
RRAP for Disabled Persons (Residential Rehabilitation Assistance)	to assist in modifications to owned or rented housing for disabled persons	Forgivable loan for $5000 per self contained unit and $2500 per bed unit	CMHC through operating agreements with local agency	100% Federal
Urban Native	To assist Native households to obtain affordable rental housing	Interest free loans up to $75,000 to help develop a project & subsidy to cover the difference between actual operating costs and revenues generated through rents (limited to 25% of their income)	CMHC	100% Federal